What's Ahead of Bonds? (Page 9)

Key to Cariboo Gold? (Page 14)

THE FINANCIAL POST

Largest Circulation of Any Canadian Financial Paper

The Canadian Newspaper for Business Men and Investors

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The Nation's Business

Corporation Profits Moving Ahead

New Rôle for Radio

A Word to the Politicians

Who Will Control Bank of Canada?

New Hope for Placer Mining

Golden Eggs

THE golden eggs of modern day business are PROFITS.

If corporations can lay them, we prosper. Wages and salaries rise; new ventures are undertaken; employment increases.

Without profits, business hesitates; refrains from new undertakings; gives less employment at reduced wages.

The fact that Canadian corporations increased their earnings last year by almost 34 per cent is therefore the best possible sort of news for industry, labor, finance. The figures come from an analysis of federal corporation income tax returns made in this issue by The Financial Post. Profit and earnings figures are still small compared with "normal," but at least are starting again in the right direction.

One reason why these eggs are so hard to lay is governmental interference. This year, for instance, one dollar out of every eight earned went directly to the federal government in corporation taxation alone. Many corporations are actually paying as much in direct taxation as their total profits. In addition, local, provincial, sales and other taxes (not to speak of myriad restrictive rules and regulations) were imposed.

If we want more profits in 1935 and 1936; higher wages and salaries; more new ventures; increased employment; governments must recognize this and not strangle the geese that lay these golden eggs.

* * *

Politics à la Ether

LAST week's broadcasts by the Rt. Hon. Mackenzie King serve to remind most of us that we are on the brink of the first general election in which radio is destined to play an important part. How many Canadians listened to Mr. King it is hard to estimate. It is probably a safe bet, however, that he gained the attention of nearly as many Conservatives as Liberals. The reverse was doubtless true when Mr. Bennett went on the air last winter.

And since the majority of those who tuned in did so from the quiet seclusion of their own homes, one realizes the significance of this new element in our political life. For in the old days it is probably safe to say that most of those who heard the political speeches of Mr. King or Mr. Bennett were those of similar political persuasion. The atmosphere was doubtless the fetid one of a campaign committee hall or meeting place. The speech itself, probably delivered amid tense excitement after well-staged preliminaries skilfully planned to achieve a very definite result.

May it not be that the advent of radio will of necessity lead to clearer thinking on the part of the average voter, and to a more reasoned and intelligent view of government on the part of voting citizens? Certainly there are great possibilities in this new field, despite the danger that has already cropped up in Alberta, where provincial voters are seemingly weary of having their best radio stations clogged night after night by a ceaseless flood of oratory on the pros and cons of social credit.

* * *

The Liberal Platform

AS FOR the Liberal platform itself, there was little to occasion surprise, especially among those who have followed closely the attitude of this party on important national questions in recent years. Mr. King has obviously tried to refrain from making any promises he feels might be construed as rash in another five years time. In this resolve he is of course aided by general sentiment throughout the country which is being interpreted as being in sympathy with the Liberal cause and therefore not in need of customary heroics.

As the Liberal battle cry seems to hinge on the magic words "Work" and "Wages" it seems to this paper essential to repeat once more its firm belief that a real solution to unemployment must come primarily by natural means, and the most that government can be expected to do is to ease the load and do its utmost to aid business towards recovery based on the honest effort of private initiative. Without this the grandiose schemes of the politician — be he

Continued on page 2, col. 4)

$100 MILLIONS NEW FINANCING CONTEMPLATED

Many Corporations Move to Reduce Debt Charges

BONDS ARE CALLED

Duke-Price, Montreal Power and C. P. R. Expected to Carry Out Major Finance Plans

From Our Own Correspondent

MONTREAL. — Several major pieces of corporation refinancing, involving an amount of $100 millions and more, are contemplated. Some of the plans at the moment are only in a formative stage but there is reason for believing that a number of Canadian corporations will take advantage of the present low interest rates to reduce their fixed debt charges.

The trend of interest rates in the last year and a half have been downward. Further the recent bid on the Dominion Government short term notes indicates that high grade issues will tend to move upward in price. As for the better grade corporation issues investment buying has forced prices to higher levels than have been recorded for several years. Consequently the stage has been set where it is not only attractive, but profitable for corporations with sound finances and established earning power, to redeem their outstanding bonds at a premium and replace with lower interest bearing securities.

Many Call Bonds

In the past six months or more several Canadian corporations have called in their outstanding funded debt. Dominion Textile Co. was one of the first of the corporations to take advantage of lower interest rates. In rapid succession came a number of others, including Montreal Light, Heat and Power Consolidated, Canadian Cottons, Belding, Paul, Corticelli Ltd. (now Belding-Corticelli), Canadian Copper Refineries, Pacific Mills, Mond Nickel Co., etc.

Not all of these companies have carried out re-financing or contemplate doing so. In certain instances companies with large liquid resources have found it more advantageous to buy in their own securities than to reinvest their surplus funds elsewhere. In the case of Montreal Power, it is understood that the two bond issues it has called will be taken care of out of "cash on hand." The Belding-Corticelli issue remaining in the hands of the public is less than $70,000 and will

(Continued on page 2, col. 3)

SEE EARNINGS OF GRAIN FIRMS LITTLE CHANGED

Fiscal Year Ending July About Same as 1934

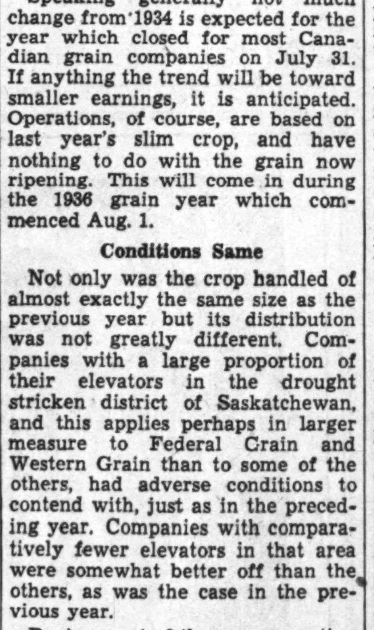
Speaking generally not much change from 1934 is expected for the year which closed for most Canadian grain companies on July 31. If anything the trend will be toward smaller earnings, it is anticipated. Operations, of course, are based on last year's slim crop, and have nothing to do with the grain now ripening. This will come in during the 1936 grain year which commenced Aug. 1.

Conditions Same

Not only was the crop handled of almost exactly the same size as the previous year but its distribution was not greatly different. Companies with a large proportion of their elevators in the drought stricken district of Saskatchewan, and this applies perhaps in larger measure to Federal Crain and Western Grain than to some of the others, had adverse conditions to contend with, just as in the preceding year. Companies with comparatively fewer elevators in that area were somewhat better off than the others, as was the case in the previous year.

During most of the year operating conditions were not very different from 1934. The fact that the Government wheat agency absorbed

(Continued on page 13)



Wholesale commodity prices moved up from 71.4 to 71.8 during the week ended Aug. 2, according to the index compiled by the Dominion Bureau of Statistics.

Man. Power Bondholders Adjourn Until October 10

Meeting on Aug. 7 of Manitoba Power Co. holders of Series "A" and "B" 5½ per cent first mortgage sinking fund bonds due 1951 and 1952 to consider the Winnipeg Electric Co. plan of reorganization was adjourned to Oct. 10 for lack of a quorum. Of the $12.5 millions of bonds outstanding some $5 millions were represented. In view of the fact that these bonds had been sold in small blocks all over the Continent and in England this is considered to have been a good representation for the first meeting.

Under Manitoba laws there must be a 70 per cent representation which in this case would be equal to $8 millions of outstanding bonds.

Reports of deposits of bonds of Winnipeg Electric Co. and of North Western Power Co. and other subsidiaries of Winnipeg Electric Co. indicate that it is likely these meetings will not have to be adjourned. The North Western Power Co. bondholders' meeting will be held in Montreal on August 12. It was reported in The Financial Post several weeks ago that $1 million of bonds held by English bondholders had been withdrawn from deposit. It is stated, however, that deposits since that time have been greater than the withdrawals.

The Winnipeg Electric Co. bondholders' meeting will be held on August 22 in Toronto, Suburban Rapid Transit Co. in Montreal on August 15 and Winnipeg Selkirk and Lake Winnipeg Railway Co. on August 27.

May be Some Relief On Amusement Tax

When Hon. Mitchell F. Hepburn, Premier of Ontario, started out to save millions on relief by telling single men to get to work, there was little joy in the camp of the theatrical and amusement enterprises even though it was accompanied by a statement that the recent increase in tax would be taken off the low admissions again.

"When a tax goes on it seldom comes off again," said one theatre proprietor disconsolately. "I know they say it is to provide money for relief but I do not expect it to come off even if everybody is employed again. Since the Premier said that he would give some relief he has sent some of the single jobless back to the hostels again. So I suppose he will still need the money. He is more apt to take it off because it is distinctly unpopular. I think he sees that. It is having all the bad effects on our business that we said it would at the outset. It does not get any better. I think the situation is aggravated, if anything."

1934 EARNINGS CORPORATIONS JUMP 34 P. C.

Sharp Rise in Profits Shown in Federal Tax Figures

INCREASE UNEVEN

Corporation earnings in Canada soared exactly one-third in 1934, according to a special analysis made this week by The Financial Post of federal income tax returns.

The analysis is made on the basis of income tax collections during the first three months of the present fiscal year. These collections apply, of course, to 1934 income.

In this period The Post learns that corporation tax receipts at Ottawa totalled over $28 millions compared with $19.5 millions in the same period a year ago. When allowance is made for an 8 per cent increase in the corporation tax during the year (last year the tax was 12 per cent, this year 13 per cent) the actual gain in corporation earnings is revealed at just under 34 per cent. Income tax receipts in this period usually represent between 70 and 80 per cent of total receipts throughout the entire fiscal year. Thus subsequent returns between now and next March, though they increase the final total will not greatly change the comparative results.

Personal Taxes Up 37 Per Cent

In addition to receipts from corporation taxpayers, returns from personal income tax payments are also available for the three-month period. These are currently 37 per cent higher than a year ago. However the 1935 returns (1934 income) are not strictly comparable with those of previous years because of the introduction of a special tax on "unearned" income imposed for the first time this year.

Data are not available to show how much of this increase is due to the unearned income tax, and how much to improvement in earning power throughout the Dominion.

Total moneys collected in this way in April, May and June of this year have been $54.6 millions compared with $38.8 millions a year ago. This is a gain of 41 per cent. In the same period the previous year the total was $38.2 millions.

Federal Income Tax Collections
(First 3 months of fiscal year)

	1935-36	1934-35
	$	$
Individuals	24,592,023	17,948,871
Corporation	28,155,750	24,592,023
5% Tax	1,816,837	1,292,153
Total	54,564,610	43,833,047

Show Community Buying Power

Broken up by income tax districts the figures make interesting reading for they throw the spotlight on personal and corporation earning power in the various sections of Canada in a manner nowhere else obtainable.

Income tax returns for the current fiscal year are all based on actual earnings received by Canadians in 1934. The returns are also divided into 19 federal districts which makes possible much closer scrutiny than

(Continued on page 2, col. 3)

HOPES FADE TRADE PACT WITH U. S. A.

Washington Blamed for Failure to Implement Talk

OPTIMISTIC START

From Our Own Correspondent

OTTAWA.—Unofficial information on Parliament Hill is definitely to the effect that prospects of obtaining a trade agreement with the United States are steadily becoming more remote. Not only are the present negotiations most unlikely to come to a successful issue, but it is feared that the next Canadian government, regardless of its complexion, will be unable to do better.

Cause of Failure

The cause of the failure of negotiations to date is placed, squarely, upon the Washington authorities. The latter have been found unwilling to do more than discuss, informally, a proposition whereby Canadian farm products would receive concessions in the U. S. market in return for Canadian concessions on manufactured goods.. It has been reported that Roosevelt is holding back purposely until after the Canadian election in the hope of driving a better bargain with the victorious party.

Farm Produce Key

The Roosevelt administration, it is said, proposes to use the trade agreement powers conferred upon the president by Congress exclusively to the end that foreign markets for U.S. farm produce may be enlarged at the expense of the manufacturing industries of that country. Every trade agreement made to date has been along this line. In practice, the policy has been a serious threat to, rather than an opportunity for this Dominion.

In some quarters it is declared that pessimism at Ottawa regarding these negotiations, and the explanation offered, are in the nature of an alibi for political failure. This, however, is warmly disputed. It is declared that the Bennett government has offered the most attractive concessions to Washington on manufactured goods, particularly iron and steel.

More than that, Washington officials have readily agreed to the attractiveness of these proposals but have not accepted them because they are distinctly out of line with the general policy being pursued.

Politics Blamed

The fault, if fault there is, lies with the political uses made of the opening of these trade negotiations. It is now plain at Ottawa that Canadian trade experts never held substantial hopes of arriving at an agreement with Washington. Premier R. B. Bennett and his supporters did hold such hopes and their speeches were broadcast throughout the country, thereby creating the general impression that the negotiations were proceeding swiftly and happily. It is now conceded that these political speeches erred on the side of optimism.

Political Barriers

It is argued further that Canada could meet, in part, the requirements of the U.S. policy by throwing down the tariff barriers on American early fresh fruits and vegetables and citrus fruits. This is true, but there are substantial political obstacles in the way of such concessions and it may be doubted if the Bennett government is prepared to go so far. The opening of the Canadian market to early fruits and vegetables would entail political sacrifices in at least 12 constituencies.

June Reduction In Retail Sales

Although retail sales in Canada in June were lower than for the previous month, the decline was considerably less than seasonal. The general index compiled by the Dominion Bureau of Statistics, which is based on the year 1930, was 71.8 for the month. This was down from 72.6 in June last year, but the drop may be attributed largely to the fact that there was one less selling day this year.

Principal advances affecting the index were in sales of boots and shoes, which were the highest for any June since 1930, clothing sales, department stores sales, dyeing and cleaning services and variety store sales.

—Drawn for The Financial Post by R. Kaell.

POLITICIAN TESTING OUT HIS SON IN POLITICAL ECONOMY

Canada Bread Profits Up Following Higher Sales: Re-Submit Plan August 27

Seventy-five Per Cent Approval Needed to Effect Change

REPORT ISSUED

Recovery to 1930 Scale Would Make Participation and Redemption Clauses "B" Stock Valuable

Canada Bread Co. financial statement for the year ended June 30, 1935, shows consolidated gross and net profit higher than in any year since 1932. Bread sales were up 4 per cent over 1934 and 11 per cent over 1933. Cake sales registered larger gains.

The annual report this year shows the consolidated balance sheet not only as at June 30, 1935, but as it would have been if the capital reorganization now suggested to shareholders had then been accomplished. It would have produced no change in current assets or liabilities but it would have reduced valuation given to capital and surplus on the balance sheet by $2.8 millions as follows: reduction of B preferred from $2.5 to $1.2 millions, a reduction of $1.2 millions; and a reduction of consolidated surplus earned account balance from $1.6 millions to $79,747, or a drop of $1.5 millions.

This was accomplished by reducing the value of fixed assets and goodwill to conform more with realities. An amount of nearly $1 million which had been added to the book value of property accounts in 1925 as a result of an appraisal made in 1923, was deducted, leaving cost of buildings, land and equipment at $2.8 millions. Goodwill was written down from $2.4 to $0.5 millions, or a drop of $1.9 millions.

May Reduce Depreciation

This change may prove important in the future history of the company. Depreciation write-off will not need to be so large each year. Since 1929 this account has been added to yearly as follows: 1930—$239,786; 1931—$241,875; 1932—$236,014; 1933—$236,610; 1934—$235,352; 1935—$216,968. Tangible fixed assets are written down by 25 per cent and goodwill by 75 per cent.

The proposed new basis for dividend distribution is $62,500 per annum on 12,500 first preference cumulative shares of $100 par value at 5 per cent per annum to July 1, 1941, and $75,000 yearly thereafter at a rate of 6 per cent per annum. The amount will be also $62,500 per annum on 25,000 Class B preference shares of a par value of $50 at 5 per cent per annum. At present the preferred stock is entitled to 7 per cent non-cumulative or $87,500 when earned. Class B is entitled to 7 per cent non-cumulative on shares of $100 par value, or $175,000 when earned. Both dividends together have not been earned since 1930 and the first preferred dividend has not been wholly earned since 1932.

Dividend Changes

Class B has a further valuable privilege under the new proposals. When 10 cents a share or $20,000 per annum has been paid on 200,000 no par value common shares, further dividends are appropriated as follows: 8 cents a share on each Class B share for each further one cent a share paid on common stock. This

(Continued on page 2, col. 5)

Highlights

Chain Stores

Problems of competition, taxation and adverse publicity face chain stores. The outlook analyzed by H. L. Southall for investors and merchandisers. Page 3

Government Bonds

"Should I sell?" is the investor's query. Delicate international factors influence high price levels. Alternative investments, however, add to risks. Page 9

Hard or Soft?

Controversy is keen between managed money addicts and "hard money" men. A clarification of the international currency question starts in The Post. Page 9

Wage Rise

Higher wage rates enter trades under Ontario's Industrial Standards Act. Does this "code" system mean more buying power or simply high, strangling costs? Page 7

Crisis in Europe

As usual, Europe has its war crisis. Behind it, however, lies economic crises of major significance. Page 6

Key to Cariboo?

On famed Lightning Creek in B.C.'s Cariboo country, a major placer mining experiment is progressing. An eye-witness's account of an effort to revolutionize old extraction methods. Page 14

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AUTUMN LOAN $180,000,000 MAY DEVELOP

September Date of U. S. Refunding Loan for $76,000,000

RUN U. S. GAUNTLET

Re-entry of Dominion Into U. S. Money Market Lays Basis for Future Refunding

From Our Own Correspondent

OTTAWA.—Announcement of a Dominion government loan for $76 million for 10 years at 2½ per cent to be floated in the United States, draws attention to the federal financial obligations for the remainder of this year.

Whatever government is in power, considerable financing will be done before the end of the year.

A domestic loan or loans will be floated in the fall, probably in October. Decision as to the dimensions of the loan have not been reached, but if present plans are carried through it should be in the neighborhood of $180 million.

Taking into consideration the loan of $60 million issued three months ago, $110 million of purely federal maturities for this year have been financed. This leaves some $137 million of maturities which may be included in an autumn loan. In addition to requirements for such refunding, additional cash will be needed for current purposes: relief and C. N. R. charges, and so on.

Loan in September

The federal government runs the gauntlet of the new U. S. securities law with its 10-year 2½ per cent loan for $76 million in the United States in September.

Elaborate care has been taken to comply with the regulations of the U. S. Securities and Exchange Commission. Every particular required by American law has been forwarded, the whole comprising a voluminous economic study of Canada. The reason for the early announcement of the impending loan is that it will take some time for the U. S. securities commission to study the information and to give approval to the loan.

Canada is the second foreign country to enter the New York money market since the enactment of the securities law. The other country is Finland.

Borrowings in U. S.

Having broken the ice, it is probable that the Ottawa authorities will make more generous use of the lending facilities in the U. S., in future. Presumably all that would be required if another loan application were forwarded in 1936 would be to bring the material now on file at Washington up to date.

Two seven per cent railway loans which become callable later this year may enter into the Dominion's financing programme. They are:

$23,740,000 of G. T. R. 7's, payable in New York and callable at 102½ after Oct. 1, 1935;

$23,779,000 of Canadian Northern Railway 7's, also payable in New York, and callable at 102½ after Dec. 1, 1935.

There is said to be no present intention of asking for more money in New York this year. This indicates that present plans do not call for the refinancing of these loans. Because of the large saving in interest charges which could be effected, however, the attractions to the federal exchequer in refunding these seven per cent issues is obvious.

Fund Short Debt

The flotation of $76 million will re-open the U. S. money market to the Canadian government and it will fund short term debt which has been difficult to handle for the past eight years. More than that it will make a substantial difference in the amount of the national loan to be put out this autumn.

The $76 million will be used to retire a National railways issue of $26 million which will be called Sept. 15 and which bears interest at 4½ per cent. The saving in interest charges will be $520,000 per annum.

This is a part of the government's conversion operations on behalf of the National railways. The loan, while callable now, would not have matured until 1954.

The $50 million balance will be used to fund short term obligations which have been a nuisance to the treasury since the onset of the depression. In 1927, the government sold $45 million three-year treasury notes at New York, at four per cent. In December, 1930, the government had to meet the maturity by temporary measures. Two-year four per cent treasury notes were sold for $40 million and the balance paid off in cash. The need for U. S. funds, however, was very great and in 1932 the 40 million was retired by the sale of $60 million one-year bills at four per cent. The difference was used to pay off $15 million of bank loans incurred in the interval and the rest for current needs. The $60,000,000 issue was renewed in 1933 for 15 months but was reduced to $50 million in 1934, the balance being retired with cash. The 1934 financing was a loan from the Chase National bank and other financial houses at 2 per cent. This loan will now be paid off but there will be a slight increase in carrying charges, amounting to $250,000 per year.

LIBERAL BID TO BUY BANK $50 A SHARE

King Party Would Nationalize Bank of Canada

WOULD KEEP STAFF

Proposal to Buy Shares at $50 Each Would Wipe Out Stock Market Premium

From Our Own Correspondent

OTTAWA.—A statute will be introduced into Parliament vesting all shares of the Bank of Canada in the name of the Minister of Finance, if the Liberal party wins the forthcoming federal election, according to well-informed Liberal opinion obtained by The Financial Post.

Present stockholders of the bank would be bought out at par ($50 a share) plus accrued dividends of 4½ per cent.

Pledge of the Liberals to nationalize Canada's central bank was strengthened in the recent radio addresses of Rt. Hon. W. L. M. King, party leader. The pledge involves practically no proposal to change personnel or administrative methods of the Bank of Canada. If the bank were nationalized, present officers would be retained, it is understood.

Precedent Cited

The Liberal proposal is to follow the precedent set by nationalization of the Grand Trunk and Canadian Northern railways, except that no arbitration boards to determine the value of the stock held by private individuals would be necessary. The stock would simply be bought by statute at $50 a share, the issue price of less than a year ago.

If a Liberal government is elected, and the bank nationalized, the present directorate would be retired and a new one named. It is believed that most of the present directors would be asked to continue as the nominees of the government. No decision in this respect will be reached, however, until the views of Canada's electorate are expressed at the polls. Then, if Mr. King's party is successful, nationalization of the Bank of Canada will be effected.

Effect on Shares

Since Bank of Canada shares are selling at about $58 each, the intention of the Liberal party is significant for investors. If a Liberal government is elected, and if it legislates to buy the shares at $50 each, then some depreciation in market prices could be expected. There would be no actual loss, of course, to those who subscribed for the shares at $50 each in September, 1934. They would get back their money with 4½ per cent accrued dividend. Those who bought shares at a premium, however, would be losers to the extent of the premium paid.

Pressure of investor opinion might be effective in causing an offer of better than $50 a share, if a Liberal government is elected at Ottawa. This, like the election itself, however, is in the lap of the gods.

Warnings Given

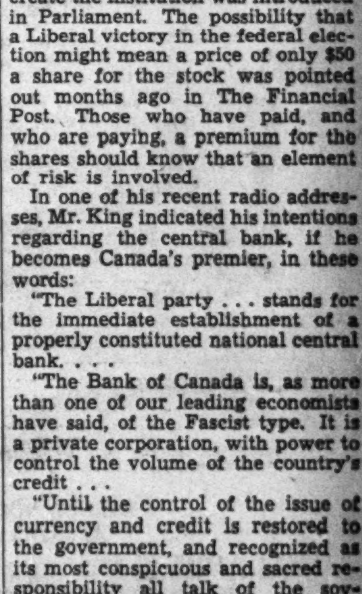
Nationalization of the Bank of Canada has been a firm Liberal principle ever since legislation to create the institution was introduced in Parliament. The possibility that a Liberal victory in the federal election might mean a price of only $50 a share for the stock was pointed out months ago in The Financial Post. Those who have paid, and who are paying, a premium for the shares should know that an element of risk is involved.

In one of his recent radio addresses, Mr. King indicated his intentions regarding the central bank, if he becomes Canada's premier, in these words:

"The Liberal party . . . stands for the immediate establishment of a properly constituted national central bank. . . .

"The Bank of Canada is, as more than one of our leading economists have said, of the Fascist type. It is a private corporation, with power to control the volume of the country's credit . . .

"Until the control of the issue of currency and credit is restored to the government, and recognized as its most conspicuous and sacred responsibility all talk of the sovereignty of Parliament and of democracy is idle and futile. To regain for the nation what has thus been lost, will continue to be a first objective of Liberal effort."



Common stock price index of the Dominion Bureau of Statistics receded slightly in the last week of July. Prices are about 20 per cent above a year ago. Comparative indices appear on page 5.

THE

WABASSO COTTON COMPANY

LIMITED

and Subsidiary Companies

ANNUAL REPORT 1935

BOARD OF DIRECTORS

C. R. WHITEHEAD, President
JAMES W. PYKE, Vice-President
HUGH MACKAY, K.C. R. N. BALL WM. I. GEAR
WM. HARTY W. J. WHITEHEAD

Directors' Report to the Shareholders

Your Directors have pleasure in submitting herewith Consolidated Balance Sheet as at 29th June, 1935, together with Consolidated Profit and Loss Account and Consolidated Surplus Account for the year ended that date.

The result of the year's operations is fully set forth in the appended Consolidated Profit and Loss Account from which it will be observed, that after making provision for all charges including Depreciation on Property and Plant and Reserve for Government Taxes, etc., there is a net profit of $147,629.95. This amount has been added to earned surplus which, after necessary adjustments in a Subsidiary Company and the deduction of taxes applicable to prior years, brings the balance to be carried forward to $371,739.08.

Your Company has paid and charged to its operations during the year the sum of $174,503.92 for Federal, Provincial, Municipal and School Taxes, which is equal to approximately $2.50 per share of the issued Capital Stock.

Your properties have been fully maintained.

Your Directors desire to record their appreciation of the faithful and efficient services rendered throughout the year by Officers, Staff and Employees of all Departments.

Respectfully submitted on behalf of the Directors.

C. R. WHITEHEAD,
President.

THREE RIVERS, QUE., 30th July, 1935.

CONSOLIDATED BALANCE SHEET

As at 29th June, 1935.

ASSETS

Current Assets:—			
Cash on Hand and in Bank		$ 236,784.86	
Accounts Receivable less Reserve for Bad and Doubtful Accounts		450,642.00	
Inventory of Raw Cotton, Partly Manufactured and Manufactured Stock, Supplies, etc., as determined and certified by the Management, and valued as to Raw Cotton at cost which is less than prevailing market prices, and as to merchandise and Supplies, etc., as determined and not over replacement values, less Reserves		1,271,068.48	$1,958,495.34
Cash in Hands of Trustees for Bondholders			4,867.85
Property:—			
Real Estate, Buildings, Plant, Machinery, etc., at cost		$10,000,813.05	
Less: Reserve for Depreciation		3,926,340.30	6,074,472.75
Investments:—			
Investment of Subsidiary in The Wabasso Cotton Company, Limited, Stock, at cost	$594,053.02		
Bonds of The Wabasso Cotton Company, Limited, at cost	14,878.68		
Bonds of Subsidiary Companies at cost	55,592.75		
Sundry Investments at cost	63,285.18	727,809.63	
Pledged as Collateral Security for $750,000.00, 20 Year 7% Collateral Trust Gold Bonds— 12,500 Shares of $100.00 each of St. Maurice Valley Cotton Mills Limited, Common Stock, being the whole issue			
Bonds of St. Maurice Valley Cotton Mills Limited, at cost (Approximate Market Value $1,212,638.00)		722,619.00	1,450,428.63
Deferred Charges:—			
Bond Discount, Unexpired Insurance, etc.			204,432.27
			$9,692,696.84

LIABILITIES

Current Liabilities:—			
Accounts and Bills Payable		$133,768.95	
Raw Cotton Acceptances		256,576.14	
Operating Expenses and Accrued Wages		61,023.72	
Accrued Government and Municipal Taxes		131,397.20	
Bond Interest Accrued		20,175.18	$602,941.19
Deferred Liability for Machinery Purchases			78,182.93
Bonds:—			
First Mortgage 6% Bonds of The Wabasso Cotton Company, Limited, due 1st June, 1947:— Authorized and Issued	$1,000,000.00		
Less: Bonds Redeemed $250,000.00; Held in Treasury 1,500.00	251,500.00	748,500.00	
Mortgage and Collateral Trust Sinking Fund 7% Bonds of The Wabasso Cotton Company, Limited, due 1st May, 1942:— Authorized and Issued	750,000.00		
Less: Bonds redeemed for Sinking Fund	318,500.00	431,500.00	
First Mortgage 6% Bonds of St. Maurice Valley Cotton Mills, Limited, due 1st June, 1952:— Authorized and Issued	2,500,000.00		
Less: Bonds Redeemed	773,900.00	1,726,100.00	
First Mortgage 6% Bonds of The Shawinigan Cotton Company, Limited, due 1st December, 1949: Authorized	$2,500,000.00		
Issued	1,166,000.00		
Less: Bonds Redeemed	451,500.00	714,500.00	3,620,600.00
Reserve for Mortgage and Collateral Trust Bond Sinking Fund			301,601.03
Minority Interest in Subsidiary Company			442.61
Capital Stock:—			
Authorized: 105,000 shares of No Par Value. Issued: 69,903 shares Fully Paid			4,192,240.00
Consolidated Surplus:—			
Capital Surplus		25,000.00	
Earned Surplus: General Reserve		500,000.00	
Surplus as per Statement attached		371,739.08	896,739.08
			$9,692,696.84
Contingent Liability:—			
For Bills Receivable under Discount	$74,491.00		

(Signed) C. R. WHITEHEAD, JAS. W. PYKE } Directors.

Montreal, 26th July, 1935.

Verified, as per our report of this date,
RIDDELL, STEAD, GRAHAM & HUTCHISON, Auditors.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the Year Ended 29th June, 1935.

Profit for the year ended 29th June, 1935, after deducting all Manufacturing and other Charges, Expenses, etc., but before providing for Depreciation, Bond Interest, Directors' Fees, Reserve for Government Taxes, Sinking Fund and Bond Discount		$809,369.53
Interest on Investments		62,711.99
		$872,081.52
Depreciation on Property and Plant	$392,400.00	
Bond Interest	226,482.47	
Directors' Fees	2,300.00	
Reserve for Government Taxes	56,100.00	
Sinking Fund	34,950.00	
Bond Discount	12,219.10	724,451.57
Net Profit for the year transferred to Surplus Account		$147,629.95

EARNED SURPLUS ACCOUNT

As at 29th June, 1935.

Balance at Credit 30th June, 1934		$246,022.48
Deduct: Adjustment in respect to Minority interest in Subsidiary Company Stock as at 30th June, 1934	$227.00	
Taxes applicable to prior years	21,420.74	21,647.74
		$224,374.74
Add: Net Profit for the year ended 29th June, 1935	147,629.95	
Less: Minority Interest in Surplus of Subsidiary Company	265.61	147,364.34
Balance at Credit 29th June, 1935		$371,739.08

CAPITAL SURPLUS

As at 29th June, 1935.

Balance at Credit	$ 25,000.00

Brazilian Common Drops As Large Block Marketed

Considerable perturbation was shown on Aug. 7 when sale of a considerable block of Brazilian Traction Light & Power stock brought it down to the low point of the year at 8. At first it was feared that some special bad news, such as failure to renew at favorable levels contracts now being negotiated, had been received.

Metal Prices

New York—Aug. 6—
Copper: Electrolytic spot and future, 8.00.
Silver: 67¾c.

London—Aug. 6—
(Long Ton)—
Copper: Electrolytic spot, £32 10s; future, £36. Standard spot, £32 5s; future, £32 12s 6d.
Tin: Spot, £233 17s 6d; future, £216 2s 6d.
Lead: Spot, £15 7s 6d; future, £15 10s.
Zinc: Spot, £14; future, £14 5s.
Gold: 140s 9½d.
Silver: 30⅛d. per ounce.

Canada—Aug. 6—
Gold: $34.98.

WHEAT BOARD ISSUE CLOUDY SAYS OTTAWA

McFarland and Compulsory Marketing Are Chief Enigmas

From Our Own Correspondent

OTTAWA.—Much confusion exists here as to what sort of a wheat board will emerge from present negotiations between John I. McFarland and Prime Minister Bennett.

Newspaper dispatches this week reported that announcement of the new board was expected shortly; that it would be headed by John McFarland; that compulsory features of the Act would not be proclaimed, and that Mr. Bennett and Mr. McFarland were in complete accord as to policy.

Difference of Opinion

Against this must be placed the known antipathy of John I. McFarland toward assuming control of the new board unless the compulsory features of the Act are proclaimed. In this view he is believed to be at direct variance with the Prime Minister. One possibility suggested is that agreement has been reached between the two men to enforce the new Act without compulsory features at present and then await market and crop news between now and the general election as a guide to future policy.

It is felt here that the parliamentary compromise reached on the bill when it was before parliament precludes the Government from taking compulsory action until fair trial has been given of the system agreed upon. In addition it is feared that putting into effect the compulsory sections, which would put the board in control of all elevator operation, might force the Government into handling oats, barley and flax as well as wheat. There is also some doubt as to whether these sections would be upheld by the courts as within Dominion jurisdiction if they should be attacked in the courts.

May Be Unnecessary

There is now a tendency to believe that the drastic provisions of the Act may be quite unnecessary in view of the altered outlook in the wheat situation; that the carryover can be pretty well marketed during the new crop year, and the market conditions will of themselves assure farmers of as high a return as the Goverment would feel justified in proclaiming as a minimum price.

The Government have been receiving many protests from millers and exporters against the present stagnation in the export of wheat, at a time when opportunities to be selling wheat would seem to be remarkably good. There have been demands for the prompt appointment of the board contemplated by the Act, in order that a selling policy may be inaugurated.

1934 EARNINGS CORPORATIONS JUMP 34 P. C.

(Continued from page 1)

the customary distribution by provinces or by the five economic areas.

Four Ahead; Three Behind

In only three districts—Regina, Quebec and the Yukon were tax returns lower than a year ago. The most substantial decline was at Quebec which slipped almost 25 per cent. Quebec also dropped substantially behind a year ago with a loss of 26 per cent in returns for the previous fiscal year. Four areas—Toronto, Vancouver, London and Hamilton, show returns above the average for all Canada.

Important changes are seen in the ranking of the first ten districts. Toronto slid ahead of Montreal for first place for the first time since the returns were compiled. Vancouver has ousted Ottawa from fifth place while Calgary has moved up from tenth to ninth place, displacing Quebec. Quebec has slipped back to 11th place and Saint John now ranks 10th.

Comparative figures for the returns to date by districts, follow:

Federal Income Tax Returns By Districts
(First Three Months of Fiscal Year)

Districts	1935-36 $	% chge. from 1934-35 (%)
Charlottetown	191,714	+ 19.3
Halifax	818,151	+ 23.1
Saint John	544,505	+ 28.0
Quebec	460,486	— 22.7
Montreal	16,583,750	+ 36.7
Ottawa	2,656,049	+ 13.2
Kingston	136,200	+ 32.6
Belleville	347,658	+ 10.6
Toronto	17,291,430	+ 50.7
Hamilton	4,020,204	+ 56.4
London	5,845,316	+ 53.1
Ft. William	106,732	+ 20.0
Winnipeg	1,381,337	+ 30.7
Regina	129,436	— 2.5
Saskatoon	76,438	+ 20.0
Calgary	678,803	+ 33.4
Edmonton	228,314	+ 7.1
Vancouver	3,054,902	+ 46.0
Yukon	13,177	— 7.0
Total	54,564,610	+ 40.7

$100 MILLIONS NEW FINANCING CONTEMPLATED

(Continued from page 1)

be taken care of out of current resources. Canadian Copper Refineries and Canadian Cottons, on the other hand, have not yet indicated their intention of doing new financing.

This trend of corporations toward taking advantage of lower interest rates has also become very noticeable in the case of French-Canadian religious and charitable institutions. Although their securities are not well known outside of the province of Quebec they are highly regarded as investment media, inasmuch as they are in many cases guaranteed as to principal and interest through grants from the Quebec Government.

In the past few months several of these institutions or organizations have called their outstanding bonded debt and re-financed with issues carrying a 3 to 4 per cent coupon. The amount of capital so involved has already run into several millions of dollars.

Between now and the end of the year other corporations, religious and charitable institutions are expected to call in their bonds preparatory to refinancing at a lower cost.

Duke-Price Plans

Meanwhile three major pieces of corporation financing are in prospect. That most immediate is the Duke-Price Power Company, which has outstanding around $35.5 million of 6 per cent first mortgage bonds sold to the public in 1926. Plans are under way for the redemption and replacement of these bonds with an issue carrying a 4 or 4¼ per cent coupon.

Duke-Price Power's refinancing, it is expected, will be undertaken by an American syndicate of investment dealers as was the case 9 years ago. Public participation will not be as large as the size of the issue would indicate, as large blocks of the bonds now outstanding are held by interests close to the company and will likely be exchanged for those of the new issue. There will, however, be considerable Canadian participation as over the past several years a fairly large amount of these bonds have found their way into the hands of Canadian investors. What percentage of the new bond issue will be placed in Canada, if, as and when it is issued, is difficult to determine but the figure should run to several millions.

C. P. R. Looks at Market

The second major piece of refinancing contemplated by a Canadian corporation is that of the Canadian Pacific Railway. While there has been no official intimation of a public offering, it is understood that the management of the railway have been giving consideration to replacing the short-term notes held by the banks with a long term issue.

It will be remembered that about two years ago the company borrowed $60 millions from the Canadian chartered banks, the advances being guaranteed by the Dominion Government. These loans were covered by five year notes, bearing interest at 5 per cent, and maturing at varying dates in the last half of 1938. On November 1, 1934, the interest rate on the notes was reduced from 5 to 4½ per cent.

A year ago the company sold $12 millions of 4 per cent convertible 15-year collateral trust bonds. With the proceeds the short term notes held by the banks were reduced to $43,000,000, at which figure they still stand.

May Look to Canada

In view of the present strength in the bond market, it is understood that the management have been and are considering plans for the replacement of these notes with a long term issue. London underwriters are reported to have been prepared to sponsor a public flotation for the company but were unable to do so because of the ban placed by the British treasury on outside financing in the London market. New York also would like to handle the financing, but the technical difficulties in the way of complying with the SEC requirements make it doubtful if an issue can be placed in that market.

It remains to be seen whether or not the company will float an issue in Canada. The last financing done by the company—$12 million a year ago—was handled by a purely Canadian syndicate and it may be that the same group will again handle the financing when the company is prepared to go into the market in order to take care of the short term notes.

Montreal Power Prepares

Montreal Power is the third corporation expected to do public financing on a major scale. The company has called $11.5 million of its 5 per cent Series B bonds for redemption on September 1 and has already redeemed $2.9 millions of bonds issued by its subsidiary, Montreal Public Service. Both of these redemptions will be handled out of cash resources.

More extensive financial schemes are in the mind of Montreal Power, and it is understood that the company may call all of its 5 per cent, 1951 issue, on or about the beginning of the new year. At the end of 1934 there were outstanding $27.9 millions of this issue.

Plans already have been made by the company for refinancing on a large scale. At the last annual meeting of shareholders the directors were given authority to create a new bond issue up to $150 millions on such terms and conditions as they deemed advisable.

In view of the strong financial rating and highly developed earning power of the company, there is no doubt that Montreal Power could refinance its present debt on a very favorable basis; in fact, might bring it in line with the convertible debentures which carry a coupon of only 3 per cent.

Bell Telephone Out

There is also talk of the Bell Telephone Co. of Canada, all of whose bond issues carry a 5 per cent coupon, coming into the market in order to refinance on a lower interest basis. Undoubtedly the management of Bell Telephone would like to take advantage of the present strong bond market, but cannot do so as, at the earliest, the bonds cannot be called until 1940.

The Nation's Business

(Continued from page 1)

Liberal, Conservative or Third Party—must sooner or later come to naught.

• • •

Bank of Canada's Future

ONE feature of Mr. King's platform which has direct significance to some 12,000 owners of Bank of Canada shares, is his declared intention to "gain for the nation" what has "been lost"—namely, government control of currency and credit. Mr. King described the present bank as being "far from the institution contemplated by the Liberal party" because it gave to a "private corporation, power to control the volume of the country's credit." He reiterated a statement made previously in Parliament that: "Until the control of the issue of currency and credit is restored to government, and recognized as the most sacred responsibility, all talk of the sovereignty of parliament and of democracy is idle and futile."

Such statements would seem to have but one meaning as far as existing shareholders of the Bank of Canada are concerned. In short, it would seem that the return of the Liberal party to power at the forthcoming election will foreshadow the winding up of the Bank as a privately-owned concern and the paying off by the government of the stockholders. A news despatch from Ottawa elsewhere in this issue indicates that there is no intention of paying more than par for the shares although current market prices are between $58 and $59 per share of $50 stock.

• • •

OF GREAT importance is the probable effect of such a move on credit and currency in this country in view of the very grave danger that public control (as planned by Mr. King) may eventually develop into political control.

In this connection the warning of Rt. Hon. J. A. Lyons, Prime Minister of Australia, given recently in a speech at Toronto, is one that should be closely heeded by any party which assumes the grave responsibility of consummating a marriage between parliament and the central bank. Speaking of the Commonwealth Bank of Australia which is a government institution, he said:

"One of the reasons on which I differ with my old colleagues and the government which preceded it was that I laid it down and asked the Australian people to lay it down, as they have, that neither Parliament nor the government nor any individual politician shall lay any hand upon the management of that national institution which has been our safeguard through two of the most difficult periods in our history.

"It is the policy of the government with which I am associated, that the board of management shall be free from any interference.

"So I say, let us keep our hands off and let the men especially qualified to handle this thing go on with the management of it."

• • •

Saga of the Cariboo

WHILE still an experiment, circled about with "ifs," the effort to introduce the so-called Australian "deep lead" system of mining the placer deposits at Lightning Creek in the Cariboo, described elsewhere in this issue, may possibly turn out to be of considerable importance to the placer mining industry on the Pacific coast.

There is a touch of the dramatic in the Lightning Creek development—newest page in the fascinating story of the Cariboo. A story replete with red-blooded incidents of do-or-dare.

While a considerable amount of gold has been reaped from the placer operations of the early pioneers and their successors, operators have been considerably balked by the prevalence of so-called "slum." It is this obstacle which Major D. Campbell MacKenzie, who is conducting the experiment, believes he has overcome. If so, it will be of paramount importance to Canada, and Canadian mining in particular, as it is generally conceded that the gravels of the Cariboo are far from gutted of their gold.

Price Bros. Committee Rejects Bowater Plan

From Our Own Correspondent

MONTREAL.—Bondholders Protective Committee of Price Bros. & Co. is understood to have definitely turned down the latest proposal put forward by Bowaters Paper Mills for the finacial reorganization of the company.

Following the collapse of negotiations sponsored by a syndicate composed of Duke Price Power Co., London Daily Express, Anglo-Newfoundland Development Co., and Bowaters, the latter put forward a scheme of its own. This plan provided for the assumption of the existing first mortgage bonds with interest in cash to commence from August 1, 1935, and arrears of interest amounting to $2.25 millions being capitalized by the issuance of additional first mortgage bonds.

Price Bros.' creditors under the new Bowater plan were to be paid in cash, which would be forthcoming from the proceeds of a new issue of $6 millions in second mortgage bonds to be underwritten by Bowaters, the balance after liquidation of creditors' claims to be applied to bank loans and to provide needed working capital.

The bondholders committee have given consideration to this latest scheme, but do not favor it. Consequently plans for the reorganization of Price Bros. & Co. are again up in the air. It is believed, however, that another and more radical plan for the rehabilitation of the company will be forthcoming before long.

CANADA BREAD PROFITS UP FOLLOWING HIGHER SALES

(Continued from page 1)

is the interesting part of the programme so far as Class B shares are concerned.

Class A gets $62,500 instead of $87,500 but it is now cumulative and it will get $75,000 after 1941 whenever earnings permit. Class B gets $62,500 instead of $175,000 but it is also cumulative and if earnings ever get back to the 1930 level it will be in a better position than before.

The net profit available for dividends in 1930 was $429,327. That permitted the payment of $175,000 only on the B preferred and there was no participation because common was entitled first to 87½ cents a share. The same net profits with the new capital structure would let B preferred get $252,736 if it were all distributed and give common stock only $51,592 as against $150,000 actually paid in 1930. Probably $252,736 would not be paid. In case of such high earnings as soon as 5 per cent is paid on 1st and 2nd preferred and 10 cents a share on common stock, the directors have the right to set aside $50,000 in a "profit retirement fund" up to 1941 to retire B preferred stock. That would mean B preferred would, on the basis of 1930 earnings, get $208,288 if full distribution were made. After 1941 when $100,000 can be deducted the amount would be somewhere around $150,000. But even that would be $6 a share or 12 per cent. In such a case the right to retire B preferred of $50 par value at $100 would soon be used.

Meeting August 27

On August 27 Canada Bread shareholders will meet for final consideration of capital reorganization plan which has already been considered at meeting of shareholders on June 20 and at later meetings by a special committee appointed to represent all classes of shareholders. On the advice of solicitors a few changes were made in plan as submitted at former adjourned meeting of shareholders on June 27 but changes have been approved by chairmen of each committee.

If three-fourths of the shares of each class represented in person or by proxy at the meeting on August 27 agree to the plan, the plan may then be sanctioned by a judge of the Supreme Court of Ontario. It would then be confirmed by supplementary letters patent which would be binding on company and shareholders. The plan will be submitted separately to each class of shareholders.

A proxy form has been sent to shareholders and for those who have not in mind any particular person to recommend them, four names are suggested. These four men will vote in favor of the plan "unless specifically directed to do the contrary in which case each has agreed to vote in accordance with any such direction."

First Preference Changes

The changes to be voted on at the meeting of August 27 are set forth in subsequent paragraphs.

1st preference stock of $100 par value retains par value total of $1,250,000 for 12,500 shares. Instead of paying 7 per cent when earned it is to pay 5 per cent annually on a cumulative basis to 1941 and 6 per cent thereafter on a cumulative basis. Instead of being callable at $125 it is callable at $110 and company may buy any number of shares at any time for redemption purposes on the market up to 110 subject to the special profit retirement fund already mentioned. First preference shareholders have the right to elect two directors but cannot vote otherwise as shareholders unless dividends are in arrears two years. In such a case voting rights, in addition to right to elect two directors, are equal to those of common shareholders.

Second Preference Changes

Second preference shares, or B stock, instead of a 7 per cent dividend on $100 par non-cumulative shares, will have the right to 5 per cent on $50 cumulative par stock. This reduces the total par value of 25,000 shares from $2.5 millions to $1,250,000. The right of participation in dividends over 87½ cents a share on 200,000 shares of no par value common is changed to participation in all earnings over 10 cents a share on common. On such surplus earnings B preferred has the right to 8 cents a share for every one cent a share paid on common. B preferred is now subject to redemption at 110 and dividends but under the new plan would be subject to redemption at 100 and dividends. The Class B holders can elect one director but have no other voting rights. After 5 per cent is paid on B preferred and 10 cents a share on common stock, directors may establish a "profit retirement fund" even though first preference stock is still outstanding. They may set aside out of surplus earnings $50,000 up to 1941 and $100,000 thereafter to redeem B preferred up to $100 a share. If first preference stock is ever finally redeemed in toto, B preferred can be redeemed faster than provided for in profit retirement fund.

Common's position is changed only as 1st and B preference is changed.

Canada Bread Company's sales increased in the year ended June 30, 1935, and profits were $55,895 after bond interest and depreciation as compared with a deficit of $17,429 in 1934. The new requirement on first preference stock if shareholders accept recapitalization plan on August 27 is $62,500, which was therefore nearly earned. If one takes into consideration that the fixed assets are to be valued much lower by this plan and the depreciation allowance will therefore necessarily be less, the dividend can be taken as earned.

Company's bread sales were 4 per cent higher than in 1934 and 11 per cent higher than in 1933. Cake sales were up 13 per cent from 1934 and 25 per cent from 1933. The company is getting increased business with two new loaves.

There was a marked improvement in working capital in the year ended June 30, 1935. The total was $217,433 as compared with $88,564 a year earlier and a deficit of $48,427 in 1933. Cash was higher and bank loan of $180,000 was paid off. Accounts receivable were reduced as a result of more rigid control of customer credit. This enabled the company also to get along without a write-off for bad debts.

The company's operations were placed on a better operating basis. Plants at Montreal were consolidated in one on January 1, 1935.

All plants during the year were equipped with complete sprinkler systems and the result was a saving of $15,000 yearly in insurance premiums. In three or four years this will entirely cover capital cost of outlay. The plant at Walkerville was increased because of growing business.

Earnings figures follow:

Consolidated Profit and Loss Account
Years Ended June 30

	1935 $	1934 $
Profit on oper.	342,827	296,407
Int. on invest.	6,386	7,869
	349,213	304,276
Less: Bond interest	58,120	58,743
Depreciation	216,968	235,351
Prov. for bad debts	.....	25,000
Taxes	16,110	.....
Loss on invest.	2,592	.....
Prem. on bonds	.....	2,610
Add: Disc. on bonds	472	.....
Net profit	55,895	*17,429
Prev. surplus	1,559,295	1,576,724
Balance carried for'd.	1,615,190	1,559,295

*Loss.

Working Capital

	1935	1934
Current assets	454,637	574,109
Current liabilities	237,205	485,545
Working capital	217,432	88,564
Ratio	1.91—1	1.18—1

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Foreign Exchange Markets

FOREIGN EXCHANGE AT TORONTO AND MONTREAL

	Par $	July 30	July 31	Aug. 1	Aug. 2	Aug. 3	Aug. 5
U. S. dollar, High	.5906	1.00 1/32	1.00⅛	1.00⅛	1.00⅛	1.00⅛	1.00 1/16
Low	.5906	1.00 1/16	1.00 1/32	1.00 1/32	1.00 1/32	1.00 1/32	1.00 1/32
1934, High	.5906	.98 11/16	.98 1/16	.98 1/16	.98⅜	.98 1/32	.98¼
Low	.5906	.98¼	.98¼	.98 11/16	.98 11/16	.98 1/32	.98¼
U. K. pound	4.8665	4.96½	4.96	4.96¼	4.96¼	4.96¼	4.96½
Argentina	.4246	.....	.2677	.2682	.2668	.2691	.2686
Australia	4.8665	3.9660	3.9620	3.9630	.....	3.9640	.....
Austria	.1407	.1901¾	.1906¾	.1906¾	.1906¾	.1907¼	.....
Belgium	.1392	.1694½	.1693½	.1692½	.1694½	.1694	.1694
Brazil	.1963	.0560½	.0560½	.0560½	.0525¼	.0520½	.....
Czechoslovakia	.0296	.0415	.0416½	.0416¼	.0417	.0416¾	.....
Denmark	.2680	.2218	.2217	.2216	.2216	.2218	.2218
France	.0392	.0662	.0663	.0663	.0664	.0664	.0664
Germany	.2382	.4038¾	.4042¾	.4038¾	.4042¼	.4044¾	.....
Greece	.013	.0094¾	.0095¼	.0095	.0095	.0094¾	.....
Holland	.4020	.6786	.6810	.6779	.6794	.6798	.6799
Hungary	.1749	.2972¼	.2977¾	.2977¾	.2987¾	.2982¾	.2984
India	.3650	.3778½	.3776½	.3776½	.3776¼	.3778½	.....
Italy	.0526	.0820	.0821	.0822	.0822	.0822	.....
Japan	.4985	.2927¼	.2927¾	.2927¾	.2927¾	.2927¾	.....
Jugoslavia	.1929	.0231	.0231½	.0231¼	.0231	.0231½	.....
New Zealand	4.8665	4.0060	4.0020	4.0030	.....	4.0040	.....
Norway	.2680	.2495	.2494	.2494¾	.2494	.2495	.....
Poland	.1122	.....	.....	.....	.....	.1908	.1906
South Africa	4.8666	4.9425	4.9375	4.9388	.....	4.9400	.....
Spain	.1929	.1371¾	.1374	.1374	.1377	.1376¾	.....
Sweden	.2680	.2561	.2560	.2560¾	.2560	.2560	.....
Switzerland	.1930	.3272	.3278	.3276	.3282	.3282	.....
Hong Kong	.5422	.5230	.5250	.5235	.5220	.5219¾	.....

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THE ROYAL BANK OF CANADA

Chains Face Problems

Renewed Competition by Independents, Price Spread Publicity and Tax Threat Create Hazards

By H. L. SOUTHALL
(Managing-Editor, Business Newspaper Division, MacLean Publishing Co. Ltd.)

Chain Store Stocks?

Have chain stores passed the zenith of sales and profits?

Investors in the shares of such companies have been given food for thought in recent annual reports. Sales in some cases have been drastically restricted and in others maintained only through the development of additional lines.

Have the effects of the recent Price Spreads investigation been fully appraised?

What will be the result of legislation following that inquiry?

What of increased taxes?

These and other questions are discussed in the accompanying article, the conclusions of which are not necessarily those of The Financial Post.

Fifteen years ago, when chain stores were laying their early foundations, Roger Babson made the prediction that as they grew into full maturity they would be subject to excessive taxation. Secondly, he prophesied that they would encounter serious problems pertaining to labor and personnel.

These predictions have been largely borne out by developments of the last few years in Canada and the United States, and to a lesser degree in England and in continental Europe. Taxation has increased generally, but many specific taxes have developed applying to chain organizations. Any comparatively new type of business showing the huge profits which for many years were made by chains and given such publicity in an endeavor to attract more public investment, was bound to appeal to legislators as a prolific source of revenue. For several years past there has been a progressive increase in the forms of special and general taxation upon chain stores.

$500 Tax Per Store

An indication of how far such taxation can be carried is the fact that in California is being considered a chain store tax bill which would require a $500 annual tax per store on chains of more than ten units. In retaliation, one of the largest chain food companies has threatened to cut its $60 millions annual purchases of California products to $5 millions. In other words only bare necessities will be purchased. One of the large oil companies recently closed its filling stations in one state because of taxation. Various Canadian cities have applied special taxation on chain stores of late.

Labor and personnel problems are to be expected in organizations which must, of necessity, operate on a minimum of overhead expense. Many employees have constantly in mind the idea of getting into retail business for themselves. Their earning opportunities are limited by the very nature of the business. A great many cases could be mentioned where men who have had a chain store training have successfully gone into retail business for themselves.

Face Big Problems

The opinion is quite generally held that the return of a period of better business, with increased opportunities for private initiative, will see an acceleration of this movement. The chains are aware of this trend. Faced with increasing taxation, with less advantage over the independents in the matter of prestige than previously, with extensive propaganda by independent merchants through the medium of moving pictures, talks at business men's gatherings, etc., no one realizes more than the chain stores the fact that their chief problems are not behind them.

Recently, too, in Canada chain stores have had to face much unfavorable publicity through the Price Spreads Investigation.

Demand for Legislation

Throughout this continent there is an increasing demand for legislation which will render more equitable the distribution of advantages accruing to quantity buyers.

Many figures have been published showing special allowances running into millions of dollars a year to chain store and other mass buying organizations. These allowances for the most part are not shown on the invoices and therefore are more or less of a secret nature, and in addition to any special discounts available as shown on the invoices. Such a condition, it is thought, could only bring such advantages to the chains as would make it almost impossible for independent stores to compete.

U. S. Investigation

The Wright-Patman Bill in the United States is designed to eliminate secret rebates and special allowances to mass buyers. In the investigation preliminary to drafting that legislation it was brought out that one large chain food retailer operating in both Canada and United States last year received over $8 millions in special allowances of this kind. Much of this did not appear on the invoices.

It was said that this exposé is only the forerunner of similar facts to be brought out concerning other big chain, department store, and mail order organizations of the United States. This demand for legislation to make a more equitable distribution of these advantages among all retailers is characteristic of the times. It is thought in some quarters to be a phase of redistribution of wealth.

Only 18% of Total Retail

No one will deny that chain stores occupy an important place in the marketing of goods. Their relative importance in the scheme of merchandising, however, is thought by some authorities to be greatly overemphasized, no doubt due to the fact that they are represented by a few big, well-known organizations that are concentrated in the larger cities.

The fact is that chain stores in Canada do 18 per cent of the total volume of retail business, while the department stores do 12 per cent. Between these two groups, of what might be termed mass buyers, only 30 per cent of the total retail business in Canada is transacted. That means that 70 per cent of the total retail volume in Canada is still done by the 125,000 independent or individual retailers.

Chains Emphasize These Figures

While the foregoing figures have been pointed out a good many times by independent dealers, it is interesting to note that they are now being given wide publicity by the chain stores themselves. Recently there has been a very definite move to spread propaganda in favor of chain stores and against the idea of further taxation upon them. It has been pointed out that they have served a splendid purpose in reducing costs of merchandise to the public, in improving the class of retail stores.

It has also been pointed out that they have not by any means displaced independent or individual retailers, and it is contended that through special services of various kinds their costs are increased so much that any advantage they secure through mass buying is offset by their relatively higher expenses. A speaker before a recent gathering of business men in Toronto emphasized these points very strongly.

Naturally the chain organizations are doing everything in their power to swing public opinion against the idea of singling them out for further taxation. The zeal with which they are spreading propaganda along this line might be interpreted that at least some of them feel they have suffered a loss of prestige through the revelations of the Price Spreads Commission or feel they are likely to suffer from increased taxation or other hazards lurking in the background.

Independents Have Improved

Wholesalers serving the independent trade have of course overlooked no opportunity of pointing out that the Price Spreads evidence created a real opportunity for individual merchants. Some of these wholesalers state that many independent dealers have improved the appearance of their stores and their business methods, 50 per cent in the past year. These wholesalers also report an increasing number of enquiries from chain store employees who contemplate entering into business for themselves There seems little doubt that the Price Spreads probe has improved the relative status of independent retailers.

There is a strong feeling in many quarters that with this great improvement among independent retailers; with the fact that chain stores even at their peak of expansion are doing only 18 per cent of the total volume of retail trade, and with Canada now being on the threshold of a new era of business expansion there will be witnessed in the next few years a relatively greater expansion in private retailing.

Sales Figures Significant

The recent decline in sales volume and earnings of a number of prominent Canadian chain store organizations, at a time when many representative independent retailers and wholesalers are reporting increases in business, may have some significance.

No one will deny that the chain store principle is sound, that chain stores will probably always be with us and will be operated by astute merchandisers. They have undoubtedly been responsible for an improvement in services and a lowering of prices to the consumer, but whether they will ever again experience anything like their earlier prosperity remains to be seen.

Not only have the chains become a target for special taxation, but they are losing some of their other former advantages over the individual dealer. For instance in their early years when chains represented a huge concentrated outlet which was something of a novelty, many manufacturers sought favor by making special-sized containers of their products, done up in distinctive packages for the chains. In most cases these contained slightly less than was in the standard package sold through the regular trade, so the chain could sell what appeared to be an equivalent amount of an article at a price much lower than the independents. As the latter came to make their influence felt more strongly, since the wholesalers have registered objection to such discrimination and since co-operative buying groups of independent retailers have come into existence to make their demands for equal treatment, such practices have become less discriminatory.

Independent Still Biggest Factor

Independent retailers have outlived the chain store threat just as they outlived the department store and the mail order threats of earlier years. Predictions that the independent would be swallowed up by each of these competitors as they in turn appeared, have been groundless. The independent still remains much the biggest factor in the retail trade of the country. Young people who began to feel they had little opportunity except as chain store clerks at a small salary, with little if any hope of ever getting into business for themselves, feel renewed hope.

They see independent merchants applying the best retailing practices of today and making a success. As there is no prosperity in a country whose agricultural areas are on a starvation basis so there can be no prosperity in rural districts, towns and cities, if retailing, upon which more than half a million people are dependent in this country, is drained of its profit.

Public Has Learned

These facts are coming home very strongly to the average person today. The public has learned some lessons in economics in the last few years, and very few families have escaped a definite realization that bargain prices, profitless selling and loss leaders have spelled unemployment and reduced purchasing power right in their own households.

This realization has been helping to mold a public opinion less favorable toward the chain stores today than at any time since their inception. They themselves realize this, and it is for that reason, as well as to head off special taxation that they have gone into such an aggressive defence as is obvious today throughout United States and Canada. The independent retailer sees a new vista of opportunity opening before him and in taking advantage of it he is not unmindful of the fact that 15 years of stiff competition have strengthened him.

RANGE WOOL CLIP BEST IN 8 YEARS, MARKET FIRMER

Canadian Co-operative Expects to Handle Larger Volume This Year

The western Canadian wool clip forwarded to the assembling plant of the Canadian Co-operative Wool Growers Ltd., at Weston, Ont., this year is reported to be the cleanest and lightest shrinking of any wool received during the past eight years. In contrast with 1934 when due to the large number of dust storms in southern Alberta and southern Saskatchewan, the average fleece weighed fully one pound heavier than the normal of seven to eight pounds per fleece for range wool, this year's clip is normal in weight. The eastern clip is also described as satisfactory.

Wool prices are reported to be holding fairly well after a substantial rise since May 1, 1935. Present quotations are from 10 to 15 per cent above the low of the year.

Germany is reported back in the international wool picture. Some special type wools were exported from Canada to the United States last year and similar exporting is expected in the current season, though no extension of this demand is anticipated.

A normal size wool clip is expected for the whole of Canada this year. This runs between 15 and 16 million pounds of which 10 to 12 million goes into commercial channels. Of this some 45 to 50 per cent is handled through the Canadian Co-operative Wool Growers which is a producers' organization. Present prospects indicate that this organization will handle a little larger than the usual percentage this year.

June Asbestos Exports Show Good Increase

Exports of asbestos in June amounted to 10,850 tons valued at $512,280 compared with 7,759 tons at $343,226 a year ago. During the past three months the export was valued at $1,192,257 as against $891,297 in the same period last year. United States, Japan and Germany were the heaviest purchasers last month.

Asbestos sand and waste exported in June amounted to 7,426 tons at $123,108 compared with 5,087 at $85,672 last year. Asbestos manufactures were valued at $13,386 compared with $17,391.

Imports of asbestos brake and clutch lining amounted to $21,489, asbestos packing $4,380 and other asbestos $32,428.

Warns Municipalities to Consider Investors

Chairman of Quebec Municipal Commission Urges Complete Publicity

Warnings against light treatment of rights of municipal bondholders was given recently by L. E. Potvin, chairman of the Quebec Municipal Commission, at the meeting of the Union of Quebec Municipalities at St. Hyacinthe.

Dissemination of exact and complete information by municipalities for the benefit of creditor interests was urged by Mr. Potvin.

It is noteworthy that Mr. Potvin in his address on variations of municipal credit was preaching what the Quebec Municipal Commission practises. The commission is given credit for taking a close interest in the rights of municipal bondholders and for issuance of the broadest publicity on municipal affairs.

Must Guard Reputation

In urging fair treatment on municipal bondholders, Mr. Potvin pointed out that Canada could not afford to win a bad reputation with investors, since capital is constantly needed for development of the country. Adverse conduct of one municipality to its creditors is liable to affect the credit of other municipalities adversely, he said.

Said Mr. Potvin: "We meet at times people who reason like this: 'Everyone has lost, why should not the creditors of municipal and school corporations also lose?' The loss which a creditor may suffer is involved in the element of chance which he takes in order to gain profits. In the matter which we are considering, however, the lender never wished to speculate, and accepted a lesser interest rate on the ground that his capital was 100 per cent certain. In this class of loans we find the money of widows, orphans and the aged, also you will find in this category at least 50 per cent of the money of insurance companies, representing the reserves for the policies in force. It is therein that lies the future protection of all those who today hold insurance policies. It is evident, therefore, that municipal investment should not be compared with other and more speculative investments."

Limiting Loans

Mr. Potvin referred to the necessity of limiting loans to the capacity to pay, declaring that in the past there had been too much of a tendency to borrow right and left without consideration of the means of repayment, and without sufficient consideration being given to the additional charges involved. In some instances, even, municipal assessments had been arranged to aid in obtaining loans, the valuations being changed, as it were, to meet the needs of the moment.

The Municipal Commission, because of such variations in valuations, had decided to consider more than municipal assessment as the basis of a loan, taking into consideration the real revenue, and that portion of it required for debt service. "Real revenue" Mr. Potvin defined as the ability of the ratepayers to pay the taxes imposed. The collection of taxes of late years had played an important rôle when it was a matter of selling debentures, all financial houses now insisting, as a first matter of information, on knowing how the taxes come in. This meant that the capacity for payment was the first consideration, and, as a consequence, consideration had to be given to the question whether the administration was doing all possible to determine this capacity.

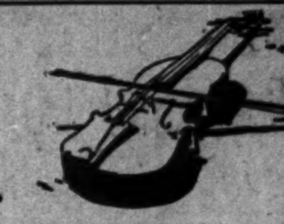
Local Conditions

Another factor in determining variations in municipal bond rates and prices was the matter of geography and economic conditions, said Mr. Potvin. A municipality with varied industries was better off than a municipality which had only one industry, for a one-industry town was liable to have periodical slumps, whereas when a town had a number of industries all were not liable to suffer at the same time. The closing of an industry in a town where there were no other industries affected the capacity for payment of municipal indebedness.

Mr. Potvin pointed out that it mattered little whether a loan was for the municipality itself, or for a school commission, or a church corporation, since the same people had to bear the obligation contracted. Attention should be given when one public body was thinking of issuing a loan to the future needs of the other public bodies in the same municipalities. It would often be better to put off public works than to float loans which would unduly weigh upon the annual budget in interest charges. He said he was glad that in this respect more deliberation was now being given to the matter of issuing loans.

Since the day had passed when a municipal or school bond was taken for granted by investors, Mr. Potvin urged that municipalities give exact and full information as to their financial position. The financial houses should know all the facts, even if the information was not to the advantage of the municipality and prevented the sale of an issue, he stated.

Some things improve with age . . .



BUT NOT YOUR WILL

An out-of-date will may be altogether inadequate as an expression of your wishes for the welfare of your family.

Births or deaths, acquisition or sale of real estate or securities may so alter the situation that when your will is probated, its provisions may work hardship and unfairness to those whom you seek to benefit.

In reviewing your will, consider the advantages of modern trust service to conserve and protect your estate. We shall be glad to explain their practical applications to you.

Crown Trust Company

EXECUTORS TRUSTEES — FINANCIAL AGENTS

393 ST. JAMES STREET WEST — MONTREAL

Canada Boosting Export Fish Sales

In the first five months of 1935 the export sales of fish products amounted almost to $7,827,400, compared with $6,336,500 in the like period of 1934.

If improvement continues at the same rate, the gain for the current year will be something like $3,500,000, as against a gain of $2,280,000 last year and $1,470,000 in 1933.

Comparative figures showing aggregate fisheries export trade by months for each of the two January-May periods are as follows:

	1934 $	1935 $
January	1,512,110	1,837,370
February	1,355,590	1,881,120
March	1,796,050	1,763,790
April	828,690	1,028,040
May	1,044,080	1,337,060

Railway Payroll Boosts Operating Costs

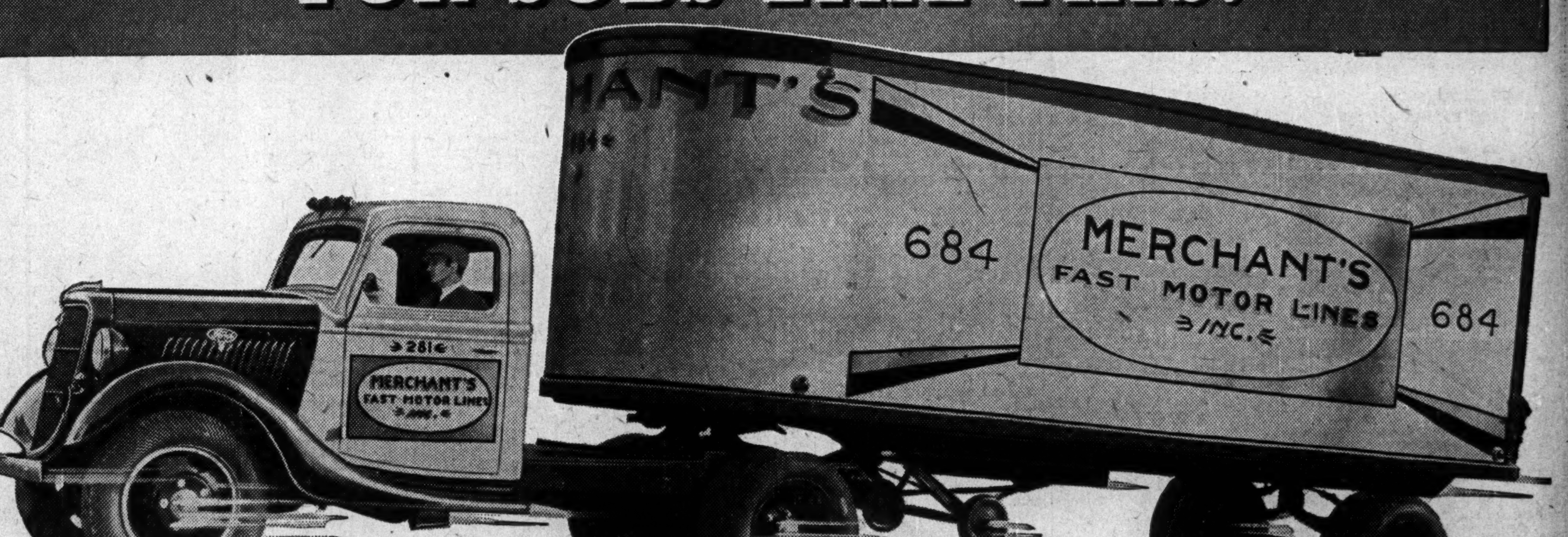
Gross revenue of Canadian railways during May amounted to $24,528,588 as against $26,068,788 in 1934, a decrease of $1,540,200, or 5.9 per cent. Operating expenses, however, increased by $598,594, reducing the net operating revenue by $2,138,794, or from $4,828,770 to $2,689,976. The increase in the pay roll chargeable to operating expenses was $593,562, or 4.7 per cent, for a decrease in the number of employees of 314. Freight traffic was lighter than last year by 8.2 per cent, but passenger traffic, measured in passenger miles, increased by 20.5 per cent due to an increase in the average journey from 77.0 miles to 93.0 miles.

For January—May, gross revenues were $115,389,507 in 1935 and $115,757,457 in 1934 and operating expenses were $103,416,279 in 1935 and $100,904,242 in 1934, which reduced the operating income from $9,785,537 last year to $7,401,462.

Manitoba Fisheries

The value of the fisheries in Manitoba last year increased to nearly a million and a half dollars, the figure being $1,465,358, which was $389,222 higher than the previous year.

THEY ARE BUYING FORDS FOR JOBS LIKE THIS!



THOUSANDS of haulers have solved their problems by buying Ford V-8 Trucks and using them as tractors with semi-trailer equipment. This combination saves money on first cost and reduces operating cost. It permits greatly increased flexibility of operations with a marked reduction in the annual depreciation charges. From all over the country come reports telling how V-8 Performance is reducing time schedules . . . how V-8 Economy is cutting operating costs . . . how V-8 Reliability avoids costly road repairs—means less time lost in the shop. Old-fashioned engine overhauls are unknown with the economical Ford Engine Exchange Plan. Are you "spotting" your competitors an advantage by using high-cost equipment? Perhaps the Ford V-8 Truck will solve your profit problems too. Ask your Ford dealer for an "ON-THE-JOB" TEST. Try a 1935 Ford V-8 Truck with your own loads, and over your own routes.

FORD V·8 2-Ton & 1½-Ton TRUCKS

New Building Contracts Gain 65 Per Cent in July

Going directly against the seasonal grain, new construction contracts awarded in Canada during July are reported at $18.5 millions by Maclean Building Reports.

This is not only a slight gain over the previous month's total, but is the best July figure reported since 1931. The total is almost 65 per cent higher than for the same month a year ago.

Contracts awarded for the year to date are also the highest in four years. For the first 7 months they total $94 millions, an increase of 30.5 per cent over the 1934 total of $72 millions. The 1933 total was $45.6 millions and that for 1932 $87 millions. There is, therefore, an increase of 106.7 per cent over 1933 and 7.8 per cent over 1932.

Large Awards in July

Contracts awarded in July, where the value of the work undertaken exceeded $200,000, were as follows:

Quebec, P.Q., quay wall	$734,000
Dawn to London, Ont., piping	500,000
Big Glace Bay Lake, N.S., add'n. to plant	500,000
Montreal, P.Q., rebldg. church	350,000
Arvida, P.Q., plant	300,000
La Tuque, P.Q., aqueduct system	261,000
Cedar Rapids, P.Q., sluice-way	250,000
Fort Qu'Appelle, Sask., Indian school	250,000
Port Arthur and Fort William, dredging	249,000
Montreal, P.Q., office bldg.	225,000
Verdun, P.Q., school and residences	224,717

Bank Chat

Descent to the Depths

UTTERMOST depths of the swindle have been reached. From Vancouver it was reported last week that counterfeit one-cent pieces are being circulated in the far west. The phoney coins are said to be excellent replicas of the real thing, except that the metal is thinner. Possibly a reason for counterfeiting a one-cent coin is that no one would suspect such a cheap fraud. Presumably this would make it easier to pass them off on the trusting public. There can be no other excuse for such a cheap counterfeiting trick. Unless, of course, the swindler is related to the man who got a job for his grandmother. Perhaps there should be a code for counterfeiters to preserve the cheaters' honor.

* * *

Abyssinian Money

ABYSSINIA was only a smart-Alec word for au revoir a year ago and was becoming boring. Now it's on the map, and many people have discovered that it's in Africa where the Ethiopians come from.

Maria Theresa silver dollars are the current coin of the Abyssinian realm. These coins are the only acceptable money to the dark population of the Red Sea littoral. So Italy's Mussolini has been coining them from old silver for payment of bribes and expenses of his African expeditionary force. The date 1780 is stamped on the Italian-issued coins because that is the death date of Austria's late Maria Theresa. This is said to be the only date respected on the coins by East Africans. Such dollars were originally minted in Vienna in the mid 18th century. Containing about 23.8 grains of silver, the coin is worth 53 cents as bullion today. The Menelik silver dollar, named after the Ethiopian emperor who gave Italy's men a licking in 1896, is practically the same as the M. T. dollar, but is not as widely accepted. Barter, of course, is really the common method of doing business in Abyssinia.

The Bank of Ethiopia, government-owned, is the heart of all finance in Abyssinia. It opened in 1931, having taken over the Bank of Abyssinia which from 1905 had held a private monopoly of the country's banking. No other bank is permitted in the country without special government sanction.

* * *

Coin Shortages

DEMAND for small coins has increased materially in Canada in the last few years. The Montreal sales tax has added to the demand which has kept the Ottawa mint unusually busy. In the past 30 years there have been numerous developments which have contributed to increased demand for small coins, apart entirely from the greater volume of business done in the country.

One of the earliest 20th century causes for greater usage of small coins was the odd-cent sale. The system of pricing articles at 69, 89, 99 cents, etc., came to us from the U.S.A. By this device, merchants increased the use of small coins. Then the introduction of cheque stamps boosted the use of the one-cent piece. And so on.

An unusual sort of demand for one cent coins was thrust on the mint about four years ago. American pennies were in wide use here, while the dollar was at 100 cents on both sides of the border. So they are now, partly because of tourist traffic. When the Canadian dollar dropped in 1931, these U.S. coins fast disappeared. This necessitated an enormous distribution of new Canadian one-cent pieces.

* * *

Banker's Monument

AN APPEAL for funds for the further development of London House is being made in both Great Britain and in the British Dominions. London House is a hall of residence for Dominion students founded five years ago by the late F. C. Goodenough, formerly chairman of Barclay's Bank. The House has been so successful that the governors wish to erect new buildings where young men from overseas can live in reasonable comfort in the Empire's capital while pursuing their studies. The house promises to become a living monument to Mr. Goodenough.

* * *

News of Bank Men

C. W. Morris, manager of The Royal Bank of Canada, London, Ont., who was recently elected president of the city's Rotary Club, attended the annual Rotary convention at Mexico City in June as London's official delegate.

B. F. Chilton, late manager at Peterborough for The Bank of Nova Scotia, was killed recently in a motor accident.

James M. Wilson, for several years manager at Gage and Main, Hamilton, retired recently and was presented with a silver tray by Hamilton managers.

Morris W. Wilson, president of The Royal Bank of Canada, was recently elected honorary president of the Montreal Amateur Athletic Association.

A. E. Taylor, manager of the main Hamilton branch of The Canadian Bank of Commerce, is retiring on pension. He is to be succeeded by T. P. Mackenzie, manager at Ottawa. Mr. Taylor's services and knowledge are to be available to the bank for two years in case of need.

* * *

Staff Changes

The Bank of Nova Scotia announces the following staff appointments:

J. H. STRONG to be manager at Picton, Ont.

H. G. BARKER to be manager at Belmont, Ont.

H. WILSON to be manager at Bracebridge, Ont.

W. KINGSMILL, manager at Bracebridge for the past 31 years, and well known to many Muskoka holidayers, retired on pension from Aug. 1.

OVER HALF ASSETS WESTERN SAVINGS CASH AND BONDS

New Statement Shows Surplus of $175,177 for Certificates

Western Savings and Loan Association, Winnipeg, had over half its assets in government and municipal bonds and cash at June 30, according to a new statement of condition furnished to The Financial Post.

Surplus of assets over liabilities of $604,186 to certificate holders amounted to $175,177.

First mortgages after reserve stood at $360,756, in total assets of $779,365. Dominion, provincial and municipal bonds totalled $367,923. Cash was $37,327 and loans on certificates $13,358.

Of the bonds, $16,987 was invested in municipal securities. In explanation of the item "loans on certificates," it is stated that the association lends up to 90 per cent of the cash value of deposit certificates. These are of a similar nature to loans by insurance companies on cash values of life policies.

Savings Certificates

Western Savings and Loans Association issues savings certificates which are purchased on the installment deposit plan. In the early period of deposit, there is little or no cash value to the certificates. Sales and administrative expenses are deducted from the value of payments in the early part of the payment period which may extend over some years. Later in the certificate period, the cash value rises quickly.

Amount of arrears on mortgages held by the association is negligible, according to W. S. R. Wilson, secretary. The statement of condition, he states, takes no credit among assets for accrued interest on bonds, nor does it add to assets any overdue interest on mortgages.

Weekly Bank Clearings

	Aug. 1 1935 $	Change year ago %	July 25 1935 $
Halifax	1,926,761	—13.7	2,115,122
Saint John	1,558,451	—2.7	1,635,348
Moncton	613,008	+13.8	773,332
Sherbrooke	511,198	—6.4	532,745
Quebec	3,693,887	—14.9	3,543,420
Montreal	74,471,134	—14.4	77,239,163
Ottawa	34,079,768	+749.8	17,116,493
Peterborough	609,119	+16.4	565,252
Toronto	89,283,667	—19.3	95,311,314
Hamilton	3,241,027	—10.4	3,784,429
Kitchener	963,344	—0.5	823,891
Brantford	630,934	—16.0	717,473
London	2,152,240	—18.2	2,171,646
Chatham	304,508	—10.7	331,314
Windsor	2,015,919	+5.6	2,068,198
Kingston	459,719	—11.0	457,879
Sarnia	326,236	—11.8	485,248
Sudbury	719,730	—5.4	737,107
Fort William	524,757	—26.5	488,346
Winnipeg	51,154,273	—36.2	34,630,018
Brandon	270,309	—11.2	277,012
Regina	3,481,981	+31.2	3,293,751
Moose Jaw	382,069	—15.2	426,432
Saskatoon	1,675,208	+21.8	1,223,958
Prince Albert	300,695	+14.0	329,525
Edmonton	3,303,610	—6.6	3,707,574
Calgary	4,523,264	—2.9	4,271,196
Medicine Hat	184,861	+7.1	221,512
Lethbridge	382,299	+16.3	392,922
N. W'minster	520,084	—4.9	554,639
Vancouver	15,587,732	—4.3	13,926,448
Victoria	1,449,291	—7.4	1,457,904

Monthly Bank Clearings

	July, 1934 $	July, 1935 $
Halifax	9,995,601	10,025,131
Saint John	7,650,355	7,430,419
Moncton	2,959,226	3,263,436
Sherbrooke	2,506,467	2,660,795
Quebec	18,093,665	18,577,702
Montreal	399,946,763	369,958,252
Ottawa	19,437,378	102,417,952
Kingston	2,428,760	2,523,273
Peterborough	2,841,190	2,991,410
Toronto	439,476,933	451,638,760
Hamilton	15,776,783	16,688,791
Kitchener	4,223,530	4,103,008
Brantford	3,523,922	4,076,206
London	10,788,935	11,389,046
Chatham	1,755,143	1,759,452
Windsor	8,365,767	9,348,318
Sarnia	1,660,945	1,998,644
Sudbury	3,156,549	3,276,169
Fort William	2,819,247	2,503,698
Winnipeg	289,590,837	209,677,738
Brandon	1,419,056	1,363,412
Regina	12,205,317	16,423,810
Moose Jaw	2,238,354	2,195,263
Edmonton	14,902,374	16,244,094
Calgary	21,012,131	22,727,952
Medicine Hat	890,951	1,974,129
New Westminster	2,286,895	2,274,863
Vancouver	65,315,783	64,560,762
Victoria	6,400,825	6,014,754

Keynes Theories

Attacks Non-investments of Savings Rather Than Thrift — Banker Views Theorists

By J. P. BELL, manager in chief, Bank of Hamilton division, The Canadian Bank of Commerce, Journal of The Canadian Bankers' Association

There is probably no economist alive today who is so well known and so much talked about as John Maynard Keynes. This is only to be expected as he is a colorful person who has apparently guessed correctly the consequences of various happenings in the economic world.

Mr. Keynes, who is now 52, is a son of the late Registrar of Cambridge University. Educated at Eton and King's College, Cambridge, he entered the British civil service in 1906, served first in the India office, then was a member of the Royal Commission on Indian Finance and Currency 1913, and in 1915 joined the Treasury where he did important work in connection with the loans to the Allies during the Great War.

At the peace conference of Versailles he was the chief representative of the Treasury. He advocated certain principles in the financial and reparation clauses of the peace treaty with Germany, and, when they were rejected, he resigned and published his excellent book, "The Economic Consequences of the Peace." In 1925 he married Lydia Lopokova, a famous Russian dancer.

Called Under-consumptionist

Mr. Keynes has written many arresting articles and books on economic subjects and is undoubtedly a most able and brilliant man. While he belongs to the under-consumption school of economists, he takes quite a different stand from the Douglasites who are attached to the same group.

Dr. T. E. Gregory deals particularly with the views Mr. Keynes expressed in his book "A Treatise on Money," which came out at the bottom of the depression, and says that while Mr. Keynes has announced some modification of his point of view, his argument can be looked at as a piece of logic which has had a powerful influence in every part of the world and can be examined and analyzed from that viewpoint. The following is an attempt to summarize Dr. Gregory's analysis of the chief point in Mr. Keynes' theories.

Prof. Gregory thinks that the ultimate meaning of the Douglas (social credit) school is that in a society resting upon private property, the process of saving can and is bound to be frustrated by the deficiency of purchasing power. Whereas Mr. Keynes views the problem as the difficulty of seeing that investment keeps up with saving. His book is really a whole series of treatises and it is not easy to disentangle its strands of thought. In it, for example, is a very elaborate, brilliant and useful series of discussions on the problem of index prices and what we really mean by the purchasing power of money.

Saving and Investment

The important point to which he draws attention is a distinction between what he calls saving on the one hand and investment on the other. To him saving is a negative act. "When I save I abstain from consuming all my money income, and the result is the same if I made $10,000 last year and this year only $5,000 and cut down my expenditure to that amount. But when I invest I use my money savings and do something with them. I may buy a house or a motor car or a right to income such as a share or a bond." The problem for Mr. Keynes is when you and I save or refrain from spending our income, how does this result in additions to the supply of houses, motor cars, cotton mills, or anything else which constitutes the capital of society?

Mr. Keynes apparently believes that the division of the national income into saving on the one hand, and current expenditure on the other is fairly rigid and that the amount of saving is very largely a habitual thing or an automatic function of the size of the national income, and does not vary much in periods of good or bad trade. If people want more investment and less goods which they can consume currently, what effect does this have on the organization of industry? Industry is divided into branches which produce for immediate needs called "available output," and into a larger section which produces no goods you can immediately consume, but goods which help in their production or are necessary stages before consumption goods finally emerge.

Saving and Production

If for any reason the decision to save does not result in a transfer of land, capital and labor from industries producing immediately available output, to industries providing capital goods or "non-available output," Mr. Keynes claims that then the act of saving is frustrated.

In order that our decision may be fruitful it must be followed by a change in the nature of the productive processes of society. There must be fewer picture palaces, fewer film stars, fewer brewers. On the other hand there must be more building, more laborers, more makers of machinery and so on. Equilibrium requires that if saving is to be followed by real investment, there must be an alteration in the character of the productive system as saving continues.

Mr. Keynes argues consistently that there is no "natural law" that when we all save more, then there will be this alteration in the character of the productive system, and he thinks that saving is carried out by one set of people and investment is carried out by another. In thus dividing the world into saving sheep and spending goats, Mr. Keynes is going too far, for there are plenty of people who save and also invest in his sense.

Keynes' Remedy Also Bankers'

What is Mr. Keynes' remedy? If the public during a depression refuses to buy securities it accumulates savings deposits. It is the duty of the banking system to give the public what it wants and to buy the securities the public refuses to buy. The practical outcome of the discussion is that it is desirable during depression to get bank rates down, and on the other hand, in periods of boom, it is desirable to get bank rates up. Those are the views of Mr. Keynes, but they are also the views of the commonsense bankers, in spite of the fact that he has taken an elaborate route to arrive at his conclusions. As a matter of self-interest, and as their duty, the bankers have been following this course for many generations, although they move too slowly for Mr. Keynes.

On the other hand, investors, accustomed to high rates on bonds, etc., during and after the Great War, refused to accept lower rates for a period. They were stubborn about reducing the long term rates which are more important in encouraging building and outlay on capital goods.

Two Doubtful Points

Is there anything wrong with this theory of Mr. Keynes? Dr. Gregory points out that there are two doubtful points at least. If this policy is pressed it can very easily lead not only to a demand that the bank should offset the action of the public but that it should go further, and may very easily lead to a policy of inflation. He urges that gilt-edged rates of interest do not come down quickly enough, and would make them come down by a vigorous policy of open market purchases, and if that does not do the trick, then extend these further. On the other hand rates ought to go up when a boom is in sight. Will it really help to have interest rates jumping up and down? Business men usually prefer to know what they are going to pay for at least a year, and savers to know what they can count on receiving.

Mr. Keynes is obsessed by the idea that the object of a monetary policy during a depression should be to restore the normal proportions between the output of available goods and the output of non-available goods. And he is concerned only with the relation of the volume of saving and the volume of investment, and is always implying that you ought to get back precisely to where you were before. There is a question whether there is such a thing as normal distribution of the resources of society between these two groups. If there is not, you cannot determine in advance what are the normal proportions for they may and do change over long periods of years and they also change in the course of a trade cycle. This may lead you astray and encourage the production of things for which no demand whatever is likely to exist thereafter.

Government Spending

Mr. Keynes is a strong advocate of the policy of Government spending on public works for useful purposes to bring back prosperity. He argues his case very ingeniously. He was one of the first to set up the claim that for every two men employed directly a third was indirectly employed by public works. The average cost of keeping a man on the dole is £50 per annum. A loan expenditure of £3,000,000 would employ 20,000 men directly and indirectly. This would save the Treasury a dole of £1,000,000 and increase the national income, subject to taxation, by £4,500,000 and he says the national income, outside transactions with foreigners, is exactly equal to its expenditure on consumption and new capital.

On the average, about 20 per cent of the total is paid for taxes depending on how the income is distributed, but he calls it 10 per cent and claims that the total benefit to the Treasury is at least one-half of the loan expenditure. For example, in spending £7,000,000 on the new Cunarder "Queen Mary" the Treasury will benefit by at least one-half, which vastly exceeds the aid asked from it. In the same way the expenditure of £100,000,000 on housing would benefit the budget by the vast total of £50,000,000.

Unfortunately for Mr. Keynes, the Chancellor of the Exchequer, and the permanent government officials, claim that when they spent £700,000,000 on public works they reduced the unemployed by only 150,000, which of course would cover both those directly and those indirectly employed. Mr. Keynes argues that the benefit was offset by the drop in Britain's foreign balance which has now ceased and is under control, but for the government the old proverb still applies, "Once bitten, twice shy."

International Money

He also urges agreement on some form of international money to be followed by a resumption of loans to countries which desperately need them. He agrees that this first requires a final settlement of war debts and an adequate supply of international money for the use of central banks. He advocates an ingenious system for creating the latter. He favors an international authority to issue gold notes in terms of the gold content of the U. S. dollar. These would be issued against the gold bonds of the governments among whom they are to be divided on a quota basis — none more than $450,000,000 — on the amount of gold which each held at the end of 1928.

These notes are not to be put in internal circulation, but held for international use and as reserves, and are to be handled by a board elected by governments through their central banks. But the gold bonds would carry only a nominal rate of interest and would be repayable by the government responsible for them or on notice by the board which would have the right to modify their volume or the rate of interest they bore to avoid a rise in the gold price of primary products in international trade. It would be necessary that each participating country should adopt a de facto parity between gold and its national currency with gold points not more than five per cent apart. It is interesting to observe that Mr. Keynes who described gold as "a barbarous relic" should come back to it for a basis for note issues.

This is a clever scheme if there were the faintest possibility of getting even the principal countries of the world to agree to it. It does not seem probable that the United States, for example, would risk control of its gold by any outside authority.

Solving the Unknown

Finally, from his broadcasts the public have drawn the conclusion that there is nothing wrong in spending, but that what is wrong is saving in a depression. That might lead you to imagine that he is attacking saving, but the scientific Mr. Keynes is certainly not attacking saving, he is defending it so long as it is a preliminary condition to investment, which is quite a different thing.

However, to quote B. M. Anderson, the economist of the Chase National Bank: "In general, it must be said that Mr. Keynes' concepts deal with unknown and unknowable quantities on so extensive a scale that it would be almost impossible to base a policy on them."

In recent years there has been a great change in the methods of financing large businesses. When business men got an important part of their working funds from the banks they sat down with their banker once a year or more to discuss their plans and especially to consider how much money they might wisely use. The back credit men have done a fine piece of scientific work in studying the conditions under which commercial loans may properly be extended. But when the business community can go instead to the securities market and freely obtain money which it may or may not need a very different situation is created. The careful and exact calculation for each specific case entirely disappears. The volume of credit is less closely apportioned to the needs of the commercial situation and the processes of industry and trade.

To substitute for the fine scientific job which the bank credit men of the country can do, the vague speculations of the monetary theorists — concerned with the total amount of money and credit which the whole country needs from the standpoint of regulating incomes and prices and the "relation of savings to investment" — does not seem to be either reform or scientific progress.

Foundrymen to Meet At Toronto, August 19

The American Foundrymen's Association will meet at Toronto the week of August 19 on the occasion of its annual convention. This is the first time that this leading organization of the iron industry has met in Canada. The many Canadian members of the group are this year acting as hosts to the Americans. A programme of technical papers has been arranged.

Alberta Coal Increases

An increase of 6.4 per cent was recorded in the production of coal in Alberta during June, the total being 255,057 tons as compared with 239,781 tons a year ago.

REPORT PROGRESS BELFAST VENTURE OF GEO. WESTON

Stewart's Cash Stores Lays Basis for Future Expansion

Garfield Weston, chairman of Stewart's Cash Stores, which is one of the latest subsidiaries of George Weston in England, is reported in the British financial press as stating at the statutory meeting on July 15 that the three shops opened during 1935 are making excellent progress and are now operating on a satisfactory basis.

Five key sites in Belfast have been acquired with a view to building new stores of a larger capacity than is possible if only leased premises are considered. By the end of 1935 one of these stores will be completed and will be operated on the self-service plan.

Sales Expanding

The company enjoys the profits in 1935 from May 1. The sales for May and June show that the shops, which were opened during the same period in 1934, had maintained their sales figures. In addition there are all the sales from the shops opened since June. The present managing director and former proprietor, J. L. Stewart, is still one of the largest shareholders of the company.

James Calder, formerly of Toronto, has become a director. He superintends all the Weston Company baking enterprises in England.

Bank of Canada Weekly Statement

Position of the Bank of Canada on July 31 gives effect to changes in government finance caused by sale of $30 millions of treasury bills on that day. Rise of over $10 millions of government deposits and decrease of $7.6 millions in deposits by banks are attributed to the treasury bill sale. Only other major change is a rise of $5.7 millions in the item "all other assets," which may mean anything or nothing.

Balance Sheet

Weeks Ending:	July 31 $	July 24 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	77,135,296	76,357,977
Dep.: Dominion	44,363,723	34,135,334
Banks	169,916,600	177,514,441
Other	810,709	992,627
Total deposits	215,091,032	212,642,401
Sundry liab.	....	1,986,000
All other liabs.	1,006,356	776,078
Total liabilities	298,232,685	296,762,455
Assets		
Reserve: Gold	179,937,152	179,992,554
Silver bullion	1,212,002	1,211,642
Res. in sterling	701,134	211,856
Res. in U. S.	11,264,522	13,904,565
Res. elsewhere	8,215	8,670
Total reserve	193,123,024	195,329,287
Subsidiary coin	336,274	335,727
Adv. to govt.	1,240,625	3,227,250
Investments:		
Dom. govt. short.	15,217,285	15,214,420
Other Dom. govt.	79,989,428	79,989,427
Total invest.	95,206,713	95,203,847
Premises	119,177	119,116
All other assets	8,206,872	2,547,228
Total assets	298,232,685	296,762,455
Reserve ratio	66.09%	66.90%

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Your attention is directed to the Meetings of the holders of the above securities called for the purpose of considering the General Plan of Consolidation and Readjustment of the Winnipeg Electric group of companies to be held in Montreal on August 12, 1935.

Copies of the Plan, together with the various other documents in connection therewith, have already been mailed to all known bondholders. *It is most important that every bondholder immediately execute a proxy in accordance with the "Regulations and Instructions" in order that his or her vote may be recorded at these Meetings.* If you have not received a copy of the Plan and the other documents, you are urged to communicate immediately with Winnipeg Electric Company, Winnipeg, Canada, or with any one of the following:

The Royal Trust Company, Montreal, or any of its Branches

M. G. Angus, Room 1002, 302 Bay Street, Toronto

E. G. Smith, Room 101, 355 St. James Street West, Montreal

WINNIPEG ELECTRIC COMPANY
Edward Anderson, *President*

MANITOBA FUNDS SHORT TERM DEBT OF $4 MILLIONS

Long-term Borrowing is Favored at Present Low Interest Rates

Apparently based on expert financial advice, funding of floating debt of western provinces is being carried out at low coupon rates and for the longest feasible term.

Saskatchewan has been in the van and Manitoba comes into the market this week with an offering of $4 millions of 14-year 3½'s at 96.24. The yield to buyers is 3.85 per cent and the cost of the money to the province is 3.99 per cent, the lowest in many years. Principal syndicate members are Wood, Gundy & Co., A. E. Ames & Co., Dominion Securities Corp., Royal Bank and Bank of Commerce.

Manitoba's budget for 1934-35 showed a surplus of $159,435. This, however, did not take $2,571,278 of relief expenditures into account. Full sinking funds are being accumulated.

Unlike some of the eastern provinces which have been borrowing for short term, the western provinces, whenever possible, have been taking advantage of low interest rates to fund short debt for as long as possible. New Brunswick last week sold a 5-year issue rather than pay a slightly higher price for 15-year money. In financial circles, the wisdom of borrowing for short-term, when long-term money is cheaper than for a generation, is questioned.

The Dominion Government is to undertake some major financing in the near future as reported on page 1. From the firmness of gilt-edged bond prices, it appears that this year's borrowing may be at record low rates. Trend of government bond prices is indicated by The Financial Post's daily index as follows:

Average Yield and Price for Seven High Grade Canadian Bonds

1935	Yield %	Price $	1934	Yield %	Price $
Aug. 6	3.484	113.11	Aug. 7	3.791	110.62
Aug. 3	3.483	113.12	Aug. 3	3.789	110.66
Aug. 2	3.483	113.12	Aug. 2	3.790	110.62
Aug. 1	3.480	113.11	Aug. 1	3.806	110.46
July 31	3.491	113.06	July 31	3.811	110.39
July 30	3.493	113.02	July 30	3.814	110.36
July 29	3.494	113.01	July 28	3.814	110.36
Year's	3.367	114.97	Year's	3.373	115.06
Range	3.608	112.10	Range	4.517	102.54

Maritime Telephone Toll Traffic Greater in June

From Our Own Correspondent

MONTREAL.—The volume of long distance toll traffic handled by Maritime Telegraph & Telephone Co. during June last, recorded an increase of approximately 5 per cent over the same month last year. The number of calls handled by the company in June, 1935, was 119,104, of which 94.1 per cent were completed. The Island Telephone Co., a subsidiary, handled 14,203 calls, of which 91 per cent were completed.

The number of telephone stations installed on the company's line continues to increase. At the end of June there were 38,635 stations installed, as against 38,590 at the end of the previous month. The Island Telephone Co. reported a loss of two stations during June, the number installed now totalling 5,425.

Laval Hospital Bonds Offered by Syndicate

From Our Own Correspondent

MONTREAL. — L. G. Beaubien and Co., Ernest Savard Ltée., and Dube, Leblond and Co., comprise a syndicate making a public offering of $360,000 of 3½ per cent bonds of Laval Hospital of Quebec. The issue is offered in two forms, those bonds maturing between 1941 to 1945 inclusive at 100 and accrued interest, those from 1946 to 1955 inclusive at 99 and accrued interest. The bonds maturing between 1936 and 1940 have been sold privately.

Both principal and interest on this issue, payable in Canadian funds, are secured by subsidies to be paid by the Province of Quebec to the Hospital. Proceeds of the issue will be used by the hospital to redeem a previous bond issue and other corporate purposes.

Trend of Bank Credit Still Into Investments

Loans Contracted, Holdings of Securities Grew in June—Continuation of Trend of Past Five Years—Higher Business Profits Tend to Restrict Loans

Canadian banking in June followed the broad trend of the past five years. Total loans outstanding in Canada at the end of the month showed a decline. Bank investments expanded.

Credit index of The Financial Post rose to 46.1 from 45.1 at the end of May. This is the percentage of current and call loans in Canada to total Canadian deposits. The rise of the index was due largely to the drop of deposits. It may, therefore, be an illusory guide to the month's credit trend because the change in deposits was attributed chiefly to withdrawals for use over the July 1 holiday, and for first-of-month payments.

Six Months Trend

The first six months of the year saw a steady decline of bank loans to business and a persistent increase of bank investments. Bank holdings of government securities are at record high levels.

In the earlier stages of the depression the shrinkage of loans indicated business liquidation of debt. The recent downward trend of loans is attributed chiefly to improved business earnings. Corporations and individuals are striving to reduce borrowings rather than to add to their debts. It is a period in which efforts are being made to build up working capital. Hence the sluggishness of bank advances to revive.

Meanwhile banks are buying securities, somewhat unwillingly, to keep funds employed. This trend has gone farther than banks wish. First, of course, yields on gilt-edged securities are so low as to be much less profitable than commercial loans. Second, banks feel they are financing an unusually large proportion of the government debt. Nevertheless, there is almost no other ready avenue of investment open to them.

Would Like to Lend

Meanwhile accusations have been made that banks are strangling business by cutting down loans. The banks are in the position of being anxious to lend to good borrowers, but unable to find enough creditworthy risks.

Trend of bank credit toward investments from loans is shown below:

Use of Bank Credit in Canada (In Millions of Dollars)

	June 1935	May 1935	Ch.	June 1934	Ch.
Loans..	1,039.8	1,053.4	—13.6	1,116.9	—77.1
Inv'ts..	1,017.9	1,004.5	+13.4	837.1	+180.8
Total..	2,057.7	2,057.9	—.2	1,954.0	+103.7
Depos.	1,971.3	2,007.7	—36.4	1,850.8	+120.5

Bank cash at the end of June was $206.7 millions, an increase of $2.7 millions for the months and of $21.5 millions from June, 1934. This growth of cash, originally fostered by the Dominion Government, is believed to be an impelling force in the expansion of investment holdings Banks have been keeping a growing proportion of their cash in the convenient form of deposits in the Bank of Canada rather than in Bank of Canada notes.

Changes in the combined position for the 10 chartered banks are as follows:

	June 1935 $	May 1935 $	Change $	June 1934 $	Change $
ASSETS					
Immediately Available Liquid Assets					
Canadian coin	5,425,143	6,146,020	— 720,877	‡185,209,208 (Canadian coin, Bk. of Can. notes and Bk. of Can. depos. together)	
Bk. of Can. notes .	28,384,370	30,918,068	— 2,533,698		
Bk. of Can. depos.	172,902,147	166,972,855	+ 5,929,292		
Bank's cash	206,711,660	204,036,943	+ 2,674,717	185,209,208	+ 21,502,452
Other bank notes .	7,835,612	5,970,740	+ 1,864,872	12,491,456	— 4,655,844
Gold abroad	8,593,094	9,176,257	— 583,163	9,012,623	— 419,529
Foreign banks ...	101,775,931	116,284,653	— 14,508,722	85,617,808	+ 16,158,123
Foreign curr.	21,022,373	20,636,673	+ 385,700	18,944,201	+ 2,078,172
Gvt. sec. short term	398,081,280	418,368,763	— 20,287,483	654,489,436 (short and long term together)	+184,251,041 (short and long term together)
Do., long term .	440,659,197	417,040,767	+ 23,618,430		
Call loans abroad .	67,451,245	71,213,244	— 3,761,999	125,176,178	— 57,724,933
	1,252,130,392	1,262,728,040	— 10,597,648	1,090,940,910	+161,189,482
Loans and Securities Other Than Those of Canadian Government					
Municipal secs. ...	97,973,939	91,823,431	+ 6,150,508	138,914,601 (Municipal and Public secs. together)	— 3,053,519 (Municipal and Public secs. together)
Public secs.†	37,887,143	37,700,241	+ 186,902		
Other secs.	43,316,697	39,579,983	+ 3,736,714	43,703,709	— 387,012
Can. call loans	85,237,040	81,981,322	+ 3,255,718	98,790,594	— 13,553,554
Current loans	831,032,518	824,125,882	+ 6,906,636	862,302,612	— 31,270,094
Loans abroad	156,451,423	147,811,034	+ 8,640,389	146,141,487	+ 10,309,936
Prov. loans	16,370,291	26,872,840	— 10,502,549	26,858,496	— 10,488,205
Mun. loans	107,185,510	120,428,163	— 13,242,653	128,946,506	— 21,760,996
	1,375,454,561	1,370,322,896	+ 5,131.665	1,445,658,005	— 70,203,444
Other Assets					
Non-curr: loans ..	14,453,757	14,462,973	— 9,216	13,947,999	+ 505,758
Real estate	8,716,829	8,640,970	+ 75,859	7,710,951	+ 1,005,878
Mortgages	5,454,296	5,523,362	— 69,066	6,035,505	— 581,209
Premises	76,605,377	76,707,574	— 102,197	78,085,397	— 1,480,020
Letters of credit ..	52,650,250	52,963,808	— 313,558	52,586,547	+ 63,703
Loans to comp. ...	13,103,301	13,128,737	— 20,436	13,345,999	— 242,698
Other assets	3,040,427	3,158,878	— 118,451	1,945,724	+ 1,094,703
	174,024,237	174,581,302	— 557,065	173,658,122	+ 366,115
Total	2,801,609,190	2,807,632,238	— 6,023,048	2,710,257,037	+ 91,352,153
Note circ. deb.	6,838,034	6,727,010	+ 111,024	6,588,796	+ 249,238
Int. bank bal.	101,040,153	100,441,407	+ 598,746	98,043,705	+ 2,996,448
Gross	2,909,487,377	2,914,800,655	— 5,313,278	2,814,889,538	+ 94,597,839
LIABILITIES					
To the Public					
Circulation	129,572,582	122,447,222	+ 7,125,360	141,531,638	— 11,959,056
Dom. Govt.	32,158,578	23,726,986	+ 8,431,592	36,291,531	— 4,132,953
Prov. Govt.	35,524,294	32,452,983	+ 3,071,311	35,205,462	+ 318,832
Bank advances ...	......	......	......	37,944,000	— 37,944,000
Deposits by Public					
Demand dep.	545,412,833	561,208,233	— 15,795,400	485,846,450	+ 59,566,483
Savings dep.	1,425,837,190	1,446,488,415	— 20.651,225	1,364,998,798	+ 60,838,392
Total	1,971,250,023	2,007,696,648	— 36,446,625	1,850,845,248	+120,404,775
Foreign dep.	340,947,203	339,861,668	+ 1,085,535	329,509,947	+ 11,437,256
Due to Banks Abroad, Etc.					
United Kingdom .	15,250,336	8,044,805	+ 7,205,531	4,760,927	+ 10,489,409
Foreign	26,648,858	24,279,787	+ 2,369,071	23,277,473	+ 3,371,385
Bills payable	747,474	886,159	— 138,685	701,243	+ 46,231
Letters of credit ..	52,650,250	52,963,808	— 313,559	52,586,547	+ 63,703
Other liabs.	2,402,809	2,404,833	— 1,972	2,294,222	+ 108,587
Total public liab...	2,607,152,407	2,614,764,899	— 7,632,440	2,514,948,238	+ 92,204,169
Due bet. banks ...	13,775,087	11,609,998	+ 2,165,089	11,825,979	+ 1,949,108
Liability to Shareholders					
Dividends	802,286	2,946,422	— 2,144,136	616,780	+ 185,506
Reserve	132,750,000	132,750,000	......	132,500,000	+ 250,000
Capital	145,500,000	145,500,000	......	144,500,000	+ 1,000,000
Gross	2,899,979,780	2,907,571,319	— 7,591,539	2,804,390,997	+ 95,588,783
Credit index*	46.1%	45.1%	1%	51.7%	— 5.6%

‡Gold, coin and Dominion notes in Canada.
*Ratio of current and call loans in Canada to demand and savings deposits in Canada.
†Other than Canadian.

With Dom. Engineering

H. CROMBIE

Has been promoted from sales manager to assistant manager of Dominion Engineering Co.

MONTREAL POWER ELECTRIC OUTPUT TOPS 1934 RETURN

Gas Production Trend Continues Under Last Year's Level

From Our Own Correspondent

MONTREAL. — Montreal Light, Heat and Power Consolidated reports that production of electricity for local consumption during July was 3.68 per cent higher than in the corresponding month last year and 13.05 per cent higher than in July, 1933.

Output for the seven months since January 1 this year shows an increase of .17 per cent over figures for the same period last year and an increase of 12.91 per cent over output for the first seven months of 1933.

These figures reflect increased industrial activity and indicate that the gradual improvement in business generally is being sustained. The actual output figures are July, 1935, 76 million kw.h.; July, 1934, 73 million kw.h.; July, 1933, 67 million kw.h.; For the first seven months the totals are: 1935, 574 million kw.h.; 1934, 573 million kw.h.; 1933, 508 million kw.h. These figures are for the company's Montreal system only and do not include off-peak or export power.

Gas output for July is still below the 1934 level being 4.54 per cent below July 1934. Total output since January 1 was 5.13 per cent below the 1934 total for the same period. The figures are: July, 1935, 372 million cubic feet; July, 1934, 390 million cubic feet. For the first seven months the totals are: 1935, 3,021 million cubic feet; 1934, 3,186 million cubic feet.

July Stock Sales Show Increase

Industrial trading in July on the Toronto Stock Exchange in spasmodic bursts of activity lifted total volume to 536,879 shares as against 396,902 in June. Values of transactions increased to $11,436,406, but the average share trading was lower at $21.30 against $22.42 in June.

The ten most active stocks in July, the shares sold and the net price changes are shown below:—

Stock:	July	June	Net change
Dis. Seag.	84,327	48,956	up 1½
Walkers	71,826	10,861	up 2⅛
Brew. & Dis. ...	41,050	8,475	up ⅜
Nickel	38,553	33,276	up 1
Ford	23,213	19,046	up 1¼
Imp. Oil	23,114	41,704	off ⅛
F. Farmer	20,867	11,550	up ½
Int. Pete.	19,890	23,212	off ¼
Cdn. I. Alco.	19,056	7,864	up ⅝
Brazil	16,224	8,875	off ⅞

Canada Northern Power Expecting Larger Load

From Our Own Correspondent

MONTREAL. — Canada Northern Power Corp. is now negotiating for the supply of power to new mining properties about to reach the production stage.

Additional milling and hoisting equipment, which will increase existing power demands, is now under construction at Lake Shore, Wright-Hargreaves, McIntyre and Dome Mines, while in the Quebec field the new 125-ton mill at the Arntfield Mine will, it is expected, shortly be placed in operation. Mill extensions at Beattie and Lamaque, and Canadian Malartic should result in further increases in power requirements.

Alexandra Apts. Meeting Adjourned to Dec. 5, 1935

Meeting of holders of first mortgage bonds of Alexandra Apartments, held Aug. 2 at Toronto, has been adjourned to Dec. 5, 1935.

The meeting was called to have bondholders vote on a plan to amend provisions of the first mortgage trust deed. Modification of sinking fund provisions was sought. The meeting was first called June 21 and had been adjourned to Aug. 2. On the latter date, 51 per cent of the bonds were represented. While the plan was approved, it does not become binding unless 75 per cent of the bonds are represented at a meeting which votes in favor of the scheme. Hence, another meeting and another vote will take place Dec. 5 next.

Tenders for Debentures

The Town of Preston, Ontario, invites tenders for the purchase of Twenty-seven Thousand Six Hundred Dollars ($27,600.00) Debentures, dated the 1st May, 1935, bearing interest at the rate of 4½% per annum, payable annually, maturing in twenty (20) equal annual instalments of principal and interest combined, on the 1st May in each of the years 1936 to 1955 inclusive.

Purpose of the issue is to pay for erecting and equipping an addition to the Grandview Continuation School.

Legal opinion of Messrs. Long and Daly is on hand and will be made available to the purchaser.

Sealed tenders will be received up till seven o'clock on Monday, August 19th, 1935.

The highest or any tender not necessarily accepted. Further particulars on request.

E. G. HEISE,
Town Clerk and Treasurer.
Preston, Ontario.

Bond Sales

Forest Hill

Village of Forest Hill, Ont., has sold $100,000 of 20-year serial four per cent bonds to Dominion Securities Corp. at 103.77, a cost basis to the village of about 3.59 per cent. Only three bids, a smaller number than usual, were received, as follows:

	Bid
Dominion Securities Corp.	103.77
Harrison & Co.	101.07
Wood, Gundy & Co.	100.27

New Brunswick

Province of New Brunswick has sold $1,358,000 of 5-year three per cent bonds to Mead & Co. at 102, a cost basis to the province of about 2.55 per cent. Alternative bids had been asked on 5, 10 and 15-year 3's and were as follows:

Syndicate:	Bids on 3% Bonds 5-yr.	10-yr.	15-yr.
Mead & Co.	102.00	97.00	92,00
Royal Secs. Corp.; Harrison & Co.; Hanson Bros.; McTaggart, Hannaford, Birks & Gordon; Imperial Bank	101.10	98.40	96.08
McLeod, Young, Weir & Co.; Bell, Gouinlock & Co.; Fry, Mills, Spence & Co.; Bank of N. S.; Dominion Bank; T. M. Bell & Co.; J. M. Robinson & Co.; Irving, Brennan & Co.	100.63	98.33	96.23
R. A. Daly & Co.; Nesbitt, Thomson & Co.; Matthews & Co.; Griffis, Fairclough & Norsworthy; Cochran, Murray & Co.; Dyment, Anderson & Co.; Midland Secs.	100.26	98.64	96.27
Wood, Gundy & Co.; Dominion Secs. Corp.; A. E. Ames & Co.; Eastern Secs.; Royal Bank; Bank of Montreal	101.02	98.27	97.02

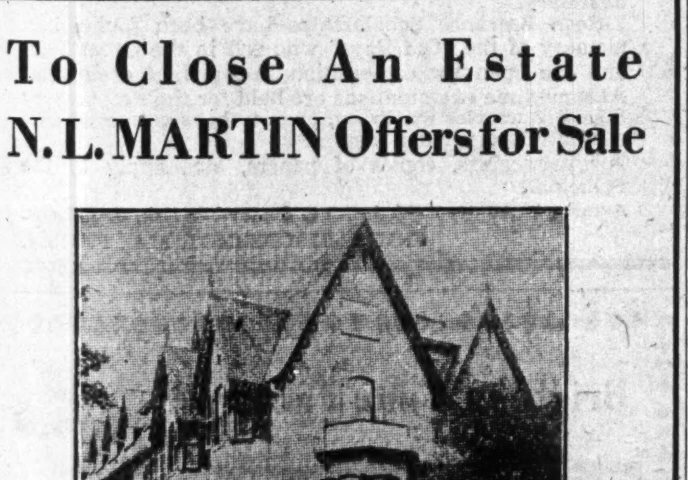
New Geo. Weston Stock Ready About Aug. 22

New certificates of George Weston common stock, following the two for one split agreed on by shareholders on January 18, 1935 and the granting of supplementary letters patent on July 18, are expected to be ready for delivery Aug. 22, 1935.

Charles W. Kerr, secretary, states that it is "of the greatest importance for common shareholders to obtain the new certificates at the earliest possible moment in order to obviate difficulties in connection with the payment of dividends."

To Close An Estate

N. L. MARTIN Offers for Sale



Beautiful Simcoe Hall

Situated in a beautiful park of 12 acres on the outskirts of Barrie, 150 feet above and overlooking Lake Simcoe, this well known and splendidly equipped private Sanitarium is for sale.

It is easy of access with excellent train service and the splendid roads of the Provincial Highway System, the distance from Toronto being only 55 miles.

The building is a large 3-storey structure, comprising reception room, sun parlors, comfortable porches, tastefully decorated sleeping rooms, billiard room, in fact with everything necessary for a private hospital, convalescent home or sanitarium. Equipment includes all apparatus for those methods of treatment generally approved by the medical profession such as medication, hydrotherapy, electro-therapy, massage and mechano-therapy and occupational therapy.

The institution is completely staffed and is in full operation at present. There is also on hand a complete stock of drugs, medicines, surgical supplies and instruments.

Further particulars may be obtained and inspection arranged for on application to the undersigned. Terms will be arranged on a generous basis to suit purchaser.

N. L. MARTIN

Chartered Accountant

Phone EL. 9296 73 King St. West, Toronto

Investment Notes

Canada Bread

SHAREHOLDERS of Canada Bread Co. will believe they are improving their prospects by voting for a recapitalization plan which reduces their rights to participation in present earnings. Yet when it goes into effect, total assets will be on paper $3.8 millions instead of $6.6 millions. That drop will occur altogether in goodwill and in fixed assets, but goodwill, however valued, will be just as valuable as ever and probably plants in use were never more efficient if conditions ever permit their full utilization again.

If the old business cycle keeps turning it is not at all unlikely that their optimism will be founded. If so, the participation feature of B preferred may be the most valuable thing about it. But if earnings were never to get higher than in the year ended June 30, 1935, the participation clauses would be worth exactly nothing. Fortunately for investors the world is not a static place. There is always something left to hope for.

• • •

Howard Smith Paper

FROM a low of 33 to a high of over 95 and a current bid of around 90, is the market record of Howard Smith Paper Mills' preferred stock in the past twelve months. The rapid and substantial upward move in the market value of the stock has reflected the improvement in the company's earnings, working capital position, and the hope of a resumption of dividends. It was expected at the half year mark that the directors would do something toward whittling down the arrears of dividends, now amounting to about $26 a share, but no action was taken. The belief still exists that dividend action will be considered before the year end, but many hold the opinion that until working capital is more liquid—two-thirds of the current assets consist of inventories—nothing will be done by the directors which will tend to weaken the cash position.

• • •

Duke Price Power

SOME delay has accurred in the plans of Duke Price Power Co. to retire all of its outstanding six per cent first mortgage bonds, amounting to around $35.5 millions. It was understood that the bonds would be called for August 1, but as 60 days' notice has to be given to bondholders it will now be some time in the late fall before the issue can be officially called. Plans were for the issuance of a new bond carrying a four per cent coupon, but a slightly higher coupon is favored by some parties. When a decision has been reached on this point, the way will be cleared to carrying out the redemption of the presently outstanding bonds.

• • •

Corrugated Box

PLAN to issue script for the $33.25 a share of arrears on preferred stock of Corrugated Paper Box Co. has advanced little in the last six weeks. It is proposed to arrange to issue non-interest bearing script for $33.25 for each $100 preferred share. This script would be marketable but the company would not necessarily redeem it on specific dates. Some sort of sinking fund would be set up to buy back the certificates. The company has started to pay the full 7 per cent current dividend rate on the preferred stock. The next payment is due September 1.

• • •

Car Orders

ANNOUNCEMENT this week that work has started on the construction of refrigerator cars at the London, Ont., shops of the Canadian National Railways, is taken as a sign that the two railways will shortly place the long-expected contracts with the car companies. The Dominion Government has provided a credit of $15 millions to enable the two railways to construct much needed rolling stock. A fair proportion of this money will be used by the two lines to finance work in their own shops, but Canadian Car, National Steel Car and Eastern Car expect to divide about $10 millions of business between them. Tenders have already been called on some of the contemplated work and the signs now point to the contracts being let some time during the present month.

• • •

Consideration For Investor

PROPOSAL of Liberal leader Rt. Hon. W. L. M. King for an "investment control board" adds to investor interest in the federal election. Supervision of security issues of federally-incorporated companies, to prevent exploitation of the public through the sale of watered stocks and worthless securities is the alleged end in view. What with 1934-35 reform of the Dominion Companies Act, and promises of regulation of security issues, it appears that the investor's vote is considered of some value. Whether all the schemes to make investment fool-proof will work, of course, is another story.

• • •

Million Mouths

AVITAL factor in the long-term upward trend of Canadian business is seen by A. E. Ames & Co. in the rather startling fact that our population has increased by almost one million since 1929. This growth, says the company's monthly letter, "provides one of the basic reasons for business recovery."

Other vital factors in the recovery equation are listed as an improvement in standard of living and expansion of foreign trade.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Iron and steel 17	Pulp and paper 6	Milling 4	Oils 4	Textiles and clothing 10	Food and allied products 18	Beverages 8	Total industrials 87	Total utilities 20	Total co's. 112
1929-34:*										
High	383.8	118.2	267.4	416.8	110.1	193.8	241.9	311.0	163.6	235.4
Low	36.8	1.4	34.9	78.3	24.0	68.5	27.3	44.0	30.5	38.6
Monthly Figures, 1935:										
January	129.4	14.0	71.5	181.5	75.8	134.2	106.8	129.7	50.4	90.5
February	126.4	13.4	67.4	197.7	75.6	131.3	109.1	128.8	49.4	89.6
March	117.0	11.6	56.0	176.0	74.1	126.5	101.6	125.6	45.1	86.1
April	119.4	11.1	56.9	178.6	73.1	125.1	99.6	130.8	43.8	88.5
May	121.9	10.8	59.9	211.7	70.3	127.8	102.4	144.4	44.4	96.8
June	118.6	10.5	58.4	217.9	67.2	127.0	104.7	145.2	45.0	97.1
Weekly Figures, 1935:										
July 4	121.3	10.8	56.6	209.6	65.7	127.5	108.4	141.7	44.5	94.8
July 11	121.3	10.6	57.5	213.6	66.8	127.3	112.8	143.2	44.4	95.7
July 18	121.1	10.3	57.1	210.5	66.7	128.5	118.3	143.6	44.5	95.4
July 25	120.9	10.7	57.7	209.5	68.1	130.0	116.1	143.8	44.9	95.6
Aug. 1	123.0	10.9	58.3	206.2	67.4	128.6	117.1	143.7	45.3	95.4

*High and low of years from 1929 to 1934 inclusive are based on weekly figures. Compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	20 Misc. Mines
Aug. 6	110.03	101.75	92.98
Aug. 5	—Holiday—		
Aug. 3	109.26	101.35	92.57
Aug. 2	108.86	101.22	92.30
Aug. 1	109.49	101.35	92.39
July 31	109.79	101.87	92.00
Month ago ...	107.69	102.75	88.52
Year ago	—Holiday—		
High, 1935 ...	113.99	123.68	103.99
Low, 1935	97.90	101.16	80.83

Montreal Averages

	10 Util.	20 Indus.	30 Comb'd
Aug. 6	61.5	58.9	59.7
Aug. 5	60.4	58.7	59.1
Aug. 3	60.5	58.3	59.0
Aug. 2	60.4	58.1	58.9
Aug. 1	60.4	58.7	59.3
July 31	60.8	58.7	59.4
Month ago	58.5	57.8	58.0
Year ago	61.7	54.2	56.7
High, 1935	63.4	63.1	63.0
Low, 1935	56.1	56.0	56.7

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Sold	Sold to	Rate	Due	Amount	Price	Yield
Soeurs De St. Joseph Du Diocese De Peterborough	July ..	Lucien Cote	4½%	1936-55	$240,000	*100	4½%
Provincial—							
Manitoba	Aug. 7 ..	Royal Bank and Syndicate	3½%	1949	$4,000,000	*96.24	3.85%

* Offering price.

We Offer:

PROVINCE OF NOVA SCOTIA 4½% BONDS

DUE 15TH NOVEMBER, 1960
PAYABLE CANADA AND NEW YORK AT 111¼
YIELD ABOUT 3.80%

BELL, GOUINLOCK & CO.

LIMITED

MONTREAL 25 KING STREET WEST TORONTO, CANADA WINNIPEG
TELEPHONE: ELGIN 2236

Bond Tenders

4 p.m., Aug. 12, Three Rivers—$139,300, 4 or 4½ per cent bonds dated May 1, 1935, redeemable in 30 years. Jacques Denechaud, treas.

4 p.m., Aug. 9, School Mun. of Village of Sainte Rose, P.Q.—$25,000, 4 or 4½ per cent 25-year serial bonds. A. Pepin, sec.-treas.

7 p.m., Aug. 19, Preston—$27,600, 4½ per cent 20-installment debentures, dated May 1, 1935, for school purposes. E. G. Heise, clerk and treas. (See announcement on page 5).

Bond Redemptions

Bond Issues:	Rate	Date	Date	Price
Belding-Cort.	5%	1936	Nov. 1	105
Can. Cons. Felt .	§6%	1940	Oct. 1	105
Tor. Housing A..	▲5%	1953	Aug. 12	105
Mtl. L. H. Ref. B	5%	1970	Sept. 1	105
Can. Copper Ref.	6%	1945	Aug. 15	104
Dom. Canners ...	*6%	1940	Oct. 1	110
Wood, Alex. & J.	•6%	1944	Aug. 9	...
Amer. Salesbook..	6%	1939	Oct. 1	102½

For sinking fund §$65,000. ▲$25,000. *$62,600. •$21,700.

TOWN OF AYLMER

TO

Purchase Bonds for Sinking Funds

Offers will be received by H. Geoffrion, Delegate of the Quebec Municipal Commission, 221 Notre-Dame Street West, Montreal, up to noon the 15th day of August, 1935, from persons willing to sell bonds of the Town of Aylmer for sinking funds.

Parties offering must state the par value of bonds tendered, maturity and price.

The Commission reserves the right to reject any and all offerings in whole or in part. Bonds accepted are to be delivered on or before the 20th day of August, 1935, and interest on accepted bonds will cease on that date.

QUEBEC MUNICIPAL COMMISSION
Henri Geoffrion,
Delegate.

New Issue

$4,000,000

Province of Manitoba

3½% Debentures

Dated August 15th, 1935. Due August 15th, 1949.

Principal and half-yearly interest (February 15th and August 15th) payable in lawful money of Canada at The Royal Bank of Canada in Toronto, Montreal, Winnipeg, Regina, Vancouver or Saint John, N.B.
Callable at 100 and accrued interest on August 15th, 1946, or on any interest date thereafter.

Denominations: $1,000, $500 and $100.
Debentures may be registered as to principal.
Legal Opinion: Messrs. Long and Daly.

These Debentures will be a direct obligation of the Province of Manitoba and are payable, principal and interest, from the Consolidated Revenue Fund of the Province. Proceeds of this issue will be used to retire Exchequer Bonds and Treasury Bills held by chartered banks and for new capital expenditure; $228,424 to provide extensions to the Manitoba Power Commission System which extensions will be self supporting.

An annual Sinking Fund of ½ of 1% will be established against this issue.

Information regarding the financial position of the Province will be found in the officia circular which is available upon request.

We offer these Debentures if, as and when issued and accepted by us, subject to approval of Counsel.

Subscriptions will be received subject to rejection or allotment in whole or in part, and the right is reserved to close subscription books at any time without notice.

It is expected that Debentures in interim form will be ready for delivery on or about August 15th, 1935.

We offer these Debentures on behalf of the Province of Manitoba.

Price: 96.24 and accrued interest, to yield 3.85%

The Royal Bank of Canada — The Canadian Bank of Commerce
Wood, Gundy & Company Limited — The Dominion Securities Corporation Limited — A. E. Ames & Co. Limited
The Bank of Nova Scotia — The Bank of Toronto — Imperial Bank of Canada — The Dominion Bank
Jas. Richardson & Sons — Royal Securities Corporation Limited — Nesbitt, Thomson & Company Ltd.
McTaggart, Hannaford, Birks & Gordon Ltd. — Gairdner & Co. Limited — Harris, Ramsay & Company
Eastern Securities Company Limited — T. M. Bell & Co. Limited — Hanson Bros. Inc.
Bartlett, Cayley & Company Limited — Brawley, Cathers & Co. — Irving, Brennan & Company, Limited
Johnston & Ward — Gooderham, Mullin & Richardson Limited — Isard, Robertson & Company Ltd.

The information contained in this advertisement is based upon statements on which we have relied. We do not guarantee but believe the statements herein made to be true.

The Financial Post

Member Audit Bureau of Circulations

Editor—FLOYD S. CHALMERS

Business Manager—D. M. GOWDY

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TORONTO, AUGUST 10, 1935

BILLION DOLLAR ENIGMA

IT IS now nearly two and one half years since talk of a trade treaty between Canada and the United States emerged from the limbo of forgotten things with the inauguration in office of President F. D. Roosevelt. In that time rumor and report have done amazing tricks with this billion dollar enigma.

One week the treaty would be reported as almost signed. A few days later authoritative information would assure newspaper readers that negotiations had reached a complete standstill. At one time the treaty was painted as a pact of sweeping dimensions giving liberal concessions to Canadian natural products on the one hand and United States manufacturers on the other. In the same breath, equally convincing stories would assure us that there was little prospect of anything worth while being achieved.

Undoubtedly a vital factor in the delay has been the political importance of the matter under discussion. As early as April, 1933, The Financial Post in special Washington correspondence drew attention to the magnitude of the task in view of "vested interests on both sides of the border being exceptionally powerful and very strongly entrenched." Subsequent articles have stressed the fact that this particular pact is by far the hardest nut in the whole foreign trade basket—as far as Washington is concerned—and that the utmost care and caution is being exercised before cracking it open.

From the United States viewpoint it is felt the Canadian treaty will either make or break the whole United States programme of trade agreements. It is the only treaty about which, in advance, congressman after congressman has gone to the White House to present a point of view. Indeed, the real difficulty for some time has been the political, as far as Washington is concerned—fear of repercussions in congress through any publicity attendant on trade items under discussion for tariff reduction. Nothing apparently can or will be done until Congress adjourns within the next few weeks.

In the meantime some quiet gains in the movement of merchandise between these two great trading nations have been made. Thus, in the first six months of 1935, Canada's exports to the United States averaged $20 millions monthly—a good improvement over the low point of the depression (April, 1933), when the monthly total was but $8.6 millions. Canadian imports have shown even better gains, the monthly average this year being about $26 millions compared with a low point two and a half years ago of $11.8 millions.

Trade between these two countries is normally larger than between any other two nations in the world. In spite of improvement of recent months it is still only one half of what might be called "normal." It would therefore be a matter of world-wide significance if a basis for genuinely improving the exchange of goods between these two nations can be achieved, once Congress has disbanded. Unfortunately, current news despatches hold out very little hope of any worthwhile agreement being negotiated.

SHORT-SIGHTED FINANCING

NEW BRUNSWICK has just sold a 5-year issue of three per cent bonds at 102. Says C. T. Richard, secretary-treasurer of the province:

"I am thoroughly satisfied with the results of the sale of debentures. It may be taken as an indication of the confidence of the investing public in the present administration."

It is freely suggested in financial circles that acceptance of the tender for five-year bonds is political. This comment by Mr. Richard seems to bear out the suspicion.

The important point is that New Brunswick got a bid of better than 97 for 15-year debentures bearing only three per cent interest.

Superficially, it would appear that the province is paying less for money by selling short-term bonds at 102 than by selling long-term bonds at 97. Actually, however, the reverse may be the case.

New Brunswick has borrowed cheaply for five years. Its money cost it considerably less than Ontario recently paid for its self-managed loan. This, however, may be an entirely erroneous way of looking at the financing.

In five years New Brunswick will have to refinance the loan. It will cost money to do so. Also, there is no guarantee that interest rates will not rise in the five years. If rates rise, the re-borrowing will have to be done at a greater interest cost.

Interest rates in Canada are now at about the lowest levels of the present century. This does not necessarily mean that they won't stay low. New Brunswick, however, could have protected itself against an entirely possible rise of interest rates. It could have paid a little more for its money by selling 15-year bonds. This would have protected the rate for 15 years instead of for only five years. It would be cheap insurance against a possible rise of rates.

One principle of public finance that is widely recognized is that the time to borrow short-term money is when interest rates are high. The idea behind this, of course, is that high rates may come down. Then, the short-term borrowing tides the debtor over until it is possible to borrow cheaply for a long term.

Conversely, it is recognized that when money rates are low it is wise to borrow for the long term. The chances of getting money cheaper in the near future are less than when money rates are high. This is the principle which was disregarded in New Brunswick's recent loan.

Apparently, a number of Canadian governments are more interested in trying to impress the electorate with their ability to get very low rates rather than to finance in the safest possible manner. With interest rates on esteemed government bonds at the lowest levels in a generation, government and municipal borrowers would be well advised to take the longest term loans they can get. It will protect their taxpayers from refinancing at possible, if not probable, higher rates.

BRITAIN'S CUSTOMERS

THE far-reaching changes in the course of British trade in the past decade are discussed at some length in the current monthly letter of the Westminster Bank of London.

Under the caption "Britain's Customers," the bank attempts to appraise these changes and ascertain to what extent they are permanent or temporary. In view of the fact that Canada now ranks as Great Britain's second most important source of supply and is also Britain's fourth best market, the discussion is of much interest to this Dominion.

The changes that have taken place are clearly summarized in the following table which shows Britain's ten chief markets and sources of supply in their order of importance in 1924 and the positions they occupied in 1934:

Sources of Supply	1924	1934	Markets	1924	1934
United States	1	1	India	1	1
Argentina	2	4	Australia	2	3
India	3	5	United States	3	6
France	4	10	Irish Free State	4	5
Canada	5	2	Germany	5	9
Australia	6	3	France	6	7
Irish Free State	7	13	South Africa	7	2
Denmark	8	7	Canada	8	4
New Zealand	9	6	Argentina	9	8
Holland	10	9	Japan	10	24

Answering the question as to whether or not these changes are permanent, three main causes are mentioned:

(1) Causes associated with the varying degrees of recovery of different industries and countries.

(2) Various aspects of fiscal policy, the Ottawa and other trade pacts clearing and barter arrangements and the like.

(3) Currency influences—the establishment of the sterling area on the one hand and the maintenance of the gold bloc on the other.

In respect of recovery factors the bank expresses the view that "raw material producers" have naturally been the first to benefit from improving conditions and that as recovery expands the amount of trade with other than raw material countries may be expected to increase. It believes it doubtful though "that the precise distribution of British trade in any previous year will be seen again," and suggests that "the changes of the past five years will be modified."

Respecting tariffs and other fiscal barriers it remarks that "tariffs are much easier to impose than remove and some of the duties introduced because of trade depression and intensified competition have almost certainly come to stay." In this category, says the bank, lie Britain's duties on manufactured imports and to a great extent probably the duties levied in consequence of the Ottawa pacts.

Currency barriers to trade it considers of a more temporary nature and likely to adjust themselves relatively soon.

In summary the bank points out that some of the increased proportion of trade within the Empire is likely to prove permanent but says bluntly that "an increased proportion of our trade with the Empire is not in itself a cause for jubilation," especially when it reflects merely a "diversion" of trade rather than an actual increase in the total volume. "It is to be hoped," says the bank, "that any future increase in the proportion of our trade with the Empire countries will come through genuine expansion and not only through diversion of trade with other countries."

BIGNESS AND BADNESS

BIGNESS in business—favorite storm centre of politicians and reformers—is again in the limelight in the United States with the introduction of the Roosevelt proposal for a graduated income tax on large corporations.

The ably-edited monthly letter of the National Bank of Boston comes to the rescue of the corporation colossus by describing the tax as a blow at American living standards; a penalty upon the thrifty, and a backward step running contrary to the law of growth.

After pointing out that business bigness is the inevitable outcome of mass production, which is chiefly responsible for the highest living standards in the world's history, it makes the following pertinent comment:

"The size of an industry is in general determined by economic factors and it is along this line that our system has been built. To unscramble big business by punitive and discriminatory taxation would result in a disintegration of our economic system. Such procedure would have far-reaching disastrous consequences. It would disrupt what has been built up, cause a shift of population, increase costs and thereby decrease employment and lower the standards of living.

"Bigness in itself should not be condemned any more than smallness should be commended. The test should not be size but contribution to the general living standards and on that basis large corporations have played the chief rôle.

"If a large corporation does not operate efficiently and render satisfactory service to the community, then in the course of time it withers or collapses for it cannot continue to exist unless it makes profits which in turn are determined by the services rendered.

"There is and always will be a place for small, efficient organizations but in some lines large scale operations are imperative. Any arbitrary reduction in the size of private enterprise by taxation is likely to be followed by an increase in governmental bureaucracy with its resultant waste, extravagance and high cost to the consumers."

Social unrest invariably follows economic depression. At such times those who "have things" become a ready target for those who have not. Naturally big business becomes especially vulnerable with its outward evidences of wealth and success.

But the answer is not to be found in doubling the number of tax-gatherers, and in surrounding with legal sanctions the obvious fallacy that bigness means badness.

SO THAT HE WHO RUNS MAY READ

A READER of Printers' Ink writes in to suggest a campaign that that paper might take up. He wants some public protest against the abominable typography used on securities. He says:

"It seems to us that securities break every rule of good typography. Their type lines are too long. In some cases nothing but capitals are used. Hand engraved script is difficult if not impossible to read, etc. Perhaps it is true that corporations do not want their stock certificates or bonds read. More likely it's tradition that accounts for the typographical atrocities. It's a tradition that should be knocked on the head, however."

Printers' Ink did not bother to go further than publish its reader's letter. But we feel that this protesting investor was speaking for a great many ordinary individuals who buy stocks or bonds. On the back of their certificates, there is usually a great deal of reading matter. It is set in the smallest possible type and sometimes the most illegible type. It is set the full width of the certificate so that one cannot read it without tracing the lines separately with a ruler.

True, most of the reading matter is material which only legal precedent requires to be placed on the certificates. It is in such technical language that nine out of ten investors could not understand it even if they could read it. It is there really to protect the company. But what about protection for the investor? Is he not entitled to know what he is signing when he endorses his name to a stock certificate?

So we suggest that a corporation, when ordering stock certificates, might suggest to the bank note engraver or printer that he is privileged to make all the type on both sides of the certificate legible. We are certain the engravers would prefer to do it that way—to add typographical utility to decorative beauty. It will be no trick to the engraver. It may cause some lifting of eyebrows among the legal fraternity. Lawyers will have less work on their hands if investors are able to read something of the terms in which they have invested their money.

THE JARVIS QUEST

THE long fight of Amelius Jarvis, Sr., for a re-trial on charges of conspiracy to defraud the Ontario Government, achieved both signal success and a rude rebuff last week.

On the one hand came the recommendation of Hon. Arthur Roebuck, Attorney-general of Ontario to the Minister of Justice at Ottawa, for a new trial to Mr. Jarvis on the ground that the report carrying a recommendation to the contrary, by the preceding Attorney-general, Hon. W. H. Price, was misleading and inaccurate.

Following closely on the announcement came news from Los Angeles of the death of Andrew Harvey Pepall, who was to have been chief witness if a re-hearing were granted. Whether or not this proves a knock-down blow to Mr. Jarvis depends on whether or not the evidence given by Pepall in his own behalf at a later trial and which resulted in his acquittal can be made available for Mr. Jarvis if a new trial is granted.

Death has played a strange rôle in the Jarvis fight. For although the former investment banker succeeded in securing powerful adherents to his cause, his most outstanding advocates have passed away. The late Hon. Wallace Nesbitt, K.C.; Sir John Willison and Hubert H. Macrae in turn took a militant interest in this case, only to die before achieving their goal.

The present Attorney-general at Queen's Park does not state any conclusion as to the guilt or innocence of Mr. Jarvis. But he does throw "grave doubts as to accuracy of the jury's finding on the incomplete evidence submitted," and he does advise that he considers his predecessor in office "was in error in advising that no relief be granted Mr. Jarvis."

Hon. Mr. Roebuck was on solid ground in refusing to state an opinion as to the guilt or innocence of Mr. Jarvis. In view of his advocacy of a re-trial "in the interests of justice" and the strong conviction expressed by many firm friends as to the innocence of Aemilius Jarvis, Sr., it is to be hoped that the death of Mr. Pepall will not be an element in defeating the doing of substantial justice, whatever that justice may be.

Farm income in the United States is reported as showing marked improvement. No wonder, when government benefits under A.A.A. have totalled no less than $305 millions during the first six months compared with $150 millions in the same period last year.

Post-Scripts

OUR noon mail had brought up half a dozen imposing government blue books.

We opened one about mid-centre and our eyes fell on these startling words: "Stick 'em up quick!—this is a kidnap."

We blinked.

Was this really a government report, or a "thriller" sandwiched in among our statistical reading?

Yes. We were perusing no less than the annual report of the Commissioner of the Ontario Provincial Police for 1934, some eight pages of which are devoted to reports of the major crimes handled by this department in the year under review.

We had unwittingly stumbled on a precise, detailed account of the famous Labatt kidnapping, which had reproduced for the edification of blue book addicts, the familiar jargon of the underworld with which Mr. Labatt was greeted on the morning of August 14—"at about 10 a.m."

Next year we will request the provincial police department to include sketch maps and other pertinent evidence in the hope that detective thriller enthusiasts throughout the province may assist in solving our more exciting provincial crimes.

• • •

IN A recent issue of the Quebec Chronicle-Telegraph, Editor Frank Carrel does a nice piece of advertising for his province in his customary crisp manner, under the caption "Knocking at Our Door." He says:

"Now that the Province of Ontario
Has rejected Quebec's surplus electrical power
We trust the Province of Quebec
Will lose no time
In advertising the commodity
At the same rate as it was offered to Ontario.
This advertising would bring many new industries
And supply employment for thousands of our workmen.
To sell hydro electrical power
In large quantities,
At $15 per horsepower,
Would mean millions of dollars
In Provincial revenue
To our Province.
Never in the history of Quebec
Has such an opportunity
Faced any government in power.

Sayings of the Week

"Some opinions are too silly for any except very learned men to hold."—*Dean Inge.*

• • •

"We can have a free country or a socialistic one. We cannot have both."—*Ogden L. Mills.*

• • •

"It is not riches that are going to make us happy. It is the accomplishment."—*Charles M. Schwab.*

• • •

"One can be a walking 'Encyclopaedia Britannica' and yet be the most useless and stupid man on earth."—*Sir Charles Grant Robertson.*

• • •

"A politician is a person with whose politics you don't agree. If you agree with him, he is a statesman."—*Lloyd George.*

• • •

"Men in a state of decadence employ professionals to fight for them, professionals to dance for them, and a professional to rule them."—*G. K. Chesterton.*

• • •

"If the world were stable and everyone's economic position were secure I do not believe that the different races of the world would hate each other."—*Bertrand Russell.*

• • •

"The Frenchman thinks with his head, and with nothing but his head; the Englishman thinks—or rather, as he himself says, 'feels somehow' with everything but his head."—*Salvador de Madariaga.*

The World at Large

Rocks Ahead

Financial Crisis and War Face Nervous Europe

By JOHN A. STEVENSON

The political situation in Europe remains a tinderbox. Mussolini seems bent upon adding to its complications by plunging into a war of conquest against Ethiopia. As an accompaniment to the political turmoil a financial crisis is now threatened.

As expected, Mussolini's costly war preparations have involved him in grave financial trouble. Not so long ago he was vowing that he would die in defence of the lira, but having discovered that it was virtually impossible to secure the foreign exchange needed to pay for raw material for munitions manufacture he has been compelled to suspend a paragraph of the stabilization law of 1927 which fixed a 40 per cent gold coverage for the currency.

Italy's Gold Coverage

Six months ago Italy's gold coverage was around 42 per cent. Then followed heavy withdrawals of gold from the Italian banks until the gold reserve declined to the minimum limit established by law. Mussolini tried to meet the situation by commandeering all exchange holdings securities and credits owned abroad by Italian citizens, banks and corporations. These resources, which enabled him to carry on for a short time, however, have apparently become exhausted. He has been forced to resort to his gold reserve to finance the purchase of war materials.

War Purchases

The Bank of Italy put its gold holdings on July 10 at roughly 5.5 billion lire after a loss of 274 millions worth of lire in the previous ten days. As the result of the new decree these comparatively slender stocks will have to be drawn upon to pay for all extraneous purchases of war materials.

One certain result will be to give a sharp impetus to a process of domestic currency inflation which has been going on for some time. Cost of living in Italy has been rising steadily. Taking the wholesale price level of 1913 as 100, the index at 260 in January last was alarmingly high. But it has now risen to 325 and latest cables report that it has moved upward swiftly since the suspension of the gold cover.

Expect Social Unrest

The initial effect of this will be a temporary stimulation of business. This may help for a time to offset the consequences of rapidly rising costs of living. But eventually this in turn will create the necessity for an expansion of domestic credit, which will aggravate inflationist tendencies. Sooner or later social unrest is bound to make itself manifest.

The impression of financial observers in London and Paris is that the suspension of the gold coverage law is merely a prelude to the complete abandonment of the gold standard. Mussolini, it is believed, is prepared to turn Italian currency completely adrift to promote the financing of his Ethiopian War even though it may mean eventual bankruptcy.

War Unpopular

If Il Duce persists in refusing to abide by Italy's pledges as a member of the League of Nations and rejects the advice of Britain and France to agree to arbitration, he will have to win the war or his regime will come to a summary end.

Visitors who have recently been in Italy report that the projected war is very unpopular with the mass of the people. Stern measures have had to be adopted to prevent mutiny among the troops. There have been something like riots at the embarkation of some contingents for Africa. Special watch is being kept for would-be deserters on the Swiss and Austrian frontiers.

A substantial number of soldiers have already had to be sent home from Africa where both disease and discontent have developed. The New Statesman says that well-known people, who have seen Mussolini, say he talks like a madman. His Abyssinian policy, which is an effort to carry out his romantic notion of recreating the ancient Roman Empire, is being pursued, it is believed, in defiance of the advice of his general staff. But despite all the pressure that is now being exercised at Geneva to avert hostilities, nothing seems likely to turn him from his course.

Italy Versus Germany

It has been argued in some quarters that since Germany has been able to get along for two years on a gold coverage of two per cent or thereabouts, Mussolini, by resorting to the methods of Dr. Schacht, could also stave off a complete financial crisis. But the situation in the two countries is far from identical. Italy's domestic resources are insignificant compared with those of Germany. The latter country has been able to dip into its reserves to make up its adverse foreign trade balance to an extent that Italy cannot possibly do. Again Germany has been under no stress to accumulate a vast supply of war materials in a few months and she can provide a large proportion of her armament needs out of her domestic resources.

Germany Nears Crisis

But Dr. Schacht has been compelled to resort to "standstill agreements" with creditors and a variety of ingenious devices to keep the German financial structure from collapse. And now in spite of all the precautions and subtle manoeuvres that have been undertaken Germany seems rapidly to be approaching a financial crisis of her own. Indeed the opinion prevails that the renewed outbreaks of "Nazi" fanaticism in the form of systematic persecutions of Jews, Catholics and dissentient Protestants is deliberately designed to distract public attention. The cost of living is still mounting in Germany. Both domestic business and foreign trade continue to shrink. There is accumulating evidence of increasing social unrest.

Across the frontier the Dutch are striving might and main to save the gulder. It is quite uncertain, however, whether they will succeed in averting departure from the gold standard.

France Also

In France the Laval Ministry has played its last cards to protect the franc. It professes to have at last secured a balanced budget by a policy of drastic national and local "cuts." All public wages and salaries except the very lowest are cut by 10 per cent. Holders of French bonds are to sacrifice 10 per cent of their interest. In effect this is a forced conversion of the public debt. Special taxes are being levied on the huge profits of the armament industry and there is to be a heavy surtax on all incomes over 80,000 francs.

At the same time measures are being taken to avert social discontent. Rents and the prices of bread, water, coal and gas are being compulsorily reduced. A campaign to produce a general fall in the cost of living is on foot. Obviously this new programme, which is the result of pressure by the Bank of France is a last effort to save the franc by deflation instead of devaluation. But it remains to be seen whether it can achieve the desired result. Plainly, however, the currencies of four important European countries are in a very delicate position.

Other People's Views

Doughnuts and Cheese
Wall St. Journal

For the new half-cent coin the format of a doughnut; for the new mill-piece the rectangle of a cheese-wafer, meet for the cocktail hour. Does this food symbolism in coin design shadow forth the more abundant life of the near future? Or will the mere presence in people's pockets of half-cent and tenth-cent tokens give psychological assurance that 1929 (from September on) will never appear on the calendar again?

Such esoterics are beyond the ordinary man. But what of the practical uses of these fragments from the Mint? It is said they will be useful for payment of fractional sales taxes, but no self-respecting citizen really desires to pay so little at a time for the blessings of an almost civilized society. There must be some other explanation.

Are they, perhaps, to serve the convenience of the Internal Revenue Bureau when it returns to the heirs what is left of a decedent's estate after federal and state tax gatherers have finished their task of sinking a little of the national debt and "incidentally" approaching a balanced budget? Will householders use them to pay electric light bills after the yardsticks are all in working order? Will bondholders some day cash their coupons in these infinitesmal bits of metal? Will they be useful for the donations to charity which, we have it on high authority, should be made by individuals if and when dividends trickle through to their hands and not by corporations?

These questions are not to be answered offhand. We can only wait and see.

Mr. Stevens's Speeches
Ottawa Journal

Those who thought or hoped that Mr. Stevens's opening campaign speech would bring sensational disclosures, that, so to speak, he would raise the fiery cross, must have been considerably disappointed. His deliverance at Hamilton recently was a most moderate thing, just the orthodox election speech of the orthodox politician. Compared with Mr. Stevens's now famous pamphlet of a year ago, it was almost purringly mild.

Nor was it very specific. Indeed, apart from his one promise to the veterans, namely, that (if placed in power) he would set up a parliamentary veterans' committee, Mr. Stevens committed himself to nothing, said nothing that could not be said or that hasn't been said by Mr. Bennett and Mr. King and Mr. Woodsworth.

Sometimes, we fear, Mr. Stevens isn't overly accurate. He speaks of the "real issue" being between "the people and a handful of men who dominate and dictate Canada's affairs." Which is nonsense. Do those masters of "concentrated wealth and power" of whom he speaks dominate and dictate in the matter of the income tax? Did they dictate in the matter of the creation of a Central Bank? Have they been able to dictate in the matter of the amalgamation of Canada's railways? Mr. Stevens, if he doesn't know the answer, might look up the records and journals of parliament, might read the editorial pages of the Toronto Financial Post and the Montreal Gazette.

But we don't propose to labor the matter. After all, these are election times, the days when men say things they would never think of saying ordinarily, when platitudes and vague promises fall like manna from Heaven. Moreover, and as we said in the first place, Mr. Stevens, all things considered, was remarkably moderate.

Stop Me If You've Heard This One

A darkey was up for pleading down south to a serious crime. The case against him was called. It then developed that he had no counsel.

"Why have you engaged no counsel to defend you?" enquired the judge.

"Jedge," said the defendant, "I ain't got no money to be wastin' on lawyers. Dey tell me lawyers is kind of costive."

"Well," enquired his Honor, "what do you propose to do then about the trial of your case?"

"Jedge," answered the negro, "so fur ez I is concerned, you can jest let the matter drop right here."

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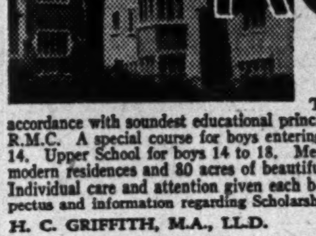

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The Week in Business

Steel Plants Busy

IMPROVEMENT in operating schedules of Canadian steel mills is reported. Steel of Canada at Hamilton is running its sheet mill at full time and still behind with deliveries. Dominion Steel & Coal is still busy on South African orders and both this company and Algoma Steel have some C.N.R. rail business ahead which is not yet started. The mining industry is still a good buyer, although quantities are less than a year ago.

At Algoma, 50 extra men were added recently with about 2,000 now employed.

* * *

Early Auto Demand

AUTOMOTIVE purchases have currently tapered off but probability of an early introduction of 1936 models means increased demand from this source well ahead of corresponding demand a year ago. Chrysler plant recently reopened and is operating on a four-day schedule. General Motors plant at Oshawa besides taking care of current business is busy installing new equipment and completing a substantial construction programme started recently.

* * *

C. N. E. Bookings Gain

IF SPACE bookings by exhibitors at the Canadian National Exhibition may be taken as an indication, prospects of continued business improvement appear bright. Allotments are currently 10 per cent above last year; additional space is being taken in every building. Moreover exhibition officials state that most exhibitors are planning to spend more money this year on more lavish decoration effects.

Empire countries will be well represented, with exhibits from Australia, New Zealand, South Africa, India and Ceylon in addition to an extended display from the U. K., which will again be supervised by the British section of the Toronto Board of Trade. Italy and Czecho-Slovakia have also expressed their intention of showing their products.

The former Ontario Building has been taken over by the Exhibition management, and has been renamed the National Industries Building. Some six nationally known manufacturers have contracted to occupy the entire building with large-scale exhibits.

Saskatchewan Creameries

Last year was a banner one for Saskatchewan creameries. The output was 20,878,352 lbs., the highest in its history.

Background of Business

Wage Scales Up

Opinion Divergent on Effects of New Ontario Codes

There seems general agreement that the revised wage scales under the Industrial Standards Act in Ontario will increase building costs. There have been estimates that such costs are already up 10 per cent. It is estimated by prominent members of the building trades that when all of the new wage agreements are in effect, costs may be increased by as much as 25 per cent.

Whether such an increase will kill any impetus which was imminent in construction through the federal government's Housing Act designed to facilitate the financing of construction, remains to be seen. Manufacturers in several lines of trade now under I.S.A. agreements are strongly of the opinion that these higher costs will curtail the incentive for construction and renovation and thus curb their volume of business.

* * *

May Raise Buying Power

On the other hand there is a strong feeling among the trades concerned that the new higher wage levels will do much to revive buying power. Strange tales are heard of the means taken to force down wages during the period when nothing but bargain prices could bring a sale for properties. It was stated at one meeting a few days ago that tradesmen drawing relief sold their services to building contractors at a rate that would not represent 10 cents per hour. The two sources of income have, together, given them a bare existence.

Employing electricians, plumbers, sheet metal workers, lathers and others whose trades are now subject to agreements under this act, if located within the 10-mile Toronto area, take the stand that these agreements have certain advantages, but many disadvantages. Some have stated that there are many ways of circumventing the act, in its present form, and that they are worse off under it than heretofore.

* * *

Nothing for Employer

One of the chief causes of contention as far as the employer is concerned, is that he gets nothing out of the higher rate to be paid workmen. Where formerly he might pay a workman 70 cents an hour and charge the consumer $1, as well as making a little margin of profit on materials supplied, he is now faced with the necessity of paying the workman $1 an hour, with little hope of being able to charge the consumer any higher price.

The act provides nothing in the way of control over prices on materials or charges for labor to the consumer. It deals solely with the matter of wages and hours of employees in the trades concerned.

It is interesting to consider the possibilities of some of these agreements being more or less forced into attempting to control channels of trade.

* * *

Electrical and Hardware

For instance, in the agreement covering the Electrical Repair and Construction Industry, it is provided that the schedule of wages "shall apply to all electricians engaged in the trade but shall not include those working on the assembling, testing, inspecting, rebuilding and repairing of any electrical motors or household appliances when done in licensed electrical repair shops."

There are two very significant features of this provision. Firstly, it is interpreted by the board appointed to administer the agreement, that this will have the effect of stopping all electrical repair work in any but licensed electrical repair shops. Hardware merchants, radio shops, and even plumbers have done a great deal of minor repairing of household electrical appliances in the past. But if this interpretation is correct, they are now breaking the law (in the zone affected) if they do work of that kind without taking out a special electrical shop license costing $30 per year in the city of Toronto.

There is no indication that they would be refused a license, but the fact that they would become subject to license to do such work places a control over the situation which did not heretofore exist. There is a strong feeling in some quarters that this control may lead to a restriction upon trades such as was not in mind when the Industrial Standards Act was passed. The likelihood of the license becoming a medium of restriction is thought even more possible if the current recommendation of the electrical trades for a provincial licensing system on electrical shops, instead of the present spotty system of licenses in some municipalities and none in others, is adopted by the provincial government.

The second point of significance about the aforementioned provision is that it may offer one of the chief means of circumventing the regulations. It means for instance that the scale of wages provided in the agreement applies only **on outside work**, in the case of the electrical trade. No rate is laid down for "assembling, testing, inspecting, rebuilding and repairing" work done **in the shop**. Thus there has been no satisfactory answer to the employer in the electrical trade who asks if there is anything to stop him paying a man $1 per hour for the outside work and 10 cents an hour for work in the shop, rather than paying him 60 or 70 cents an hour all through as at present.

* * *

Maintenance Work

In the electrical, plumbing and heating trades particularly, one of the most important features of the agreements is that what is termed "maintenance work" in large plants, apartment houses, institutions, etc., can no longer be done by handymen who are paid a comparatively small weekly wage. All electrical repair work, plumbing, heating, sheet metal work, etc., must be done by an authorized and licensed person or shop, and must be paid for at the wage rate prescribed in the agreement. If $1 per hour is paid for such work, it is thought likely that such industrial plants, apartment owners or institutions will call in the services of a thoroughly experienced man, employed at the trade, to do such work.

It was estimated by one speaker at a recent trade gathering, that $125,000 worth of electrical maintenance work and new electrical work had been done in the Toronto zone in the past three months by such "handymen," regularly employed by industrial plants, institutions apartments, etc. Such work must in future be paid for at the rate provided under the electrical agreement, and it is felt that hiring at this rate will be probably the chief contribution of the new agreement. There are, of course, outstanding advantages to journeymen in having a limited working week at higher hourly rates, with double time for emergency work and time and one-half for overtime.

* * *

Extending Zones

Toronto zone is the only one at present in operation under the ten agreements adopted under the I.S.A. But other zones are now being formed. Wage rates will not necessarily be equivalent in all zones. When that extension takes place, it is felt likely the matter of provincial licensing of various trades will have to be handled as municipal licensing would hardly be feasible. Meanwhile some leeway is being given in wage rate on unfinished contracts which were taken prior to the signing of the agreement.

* * *

Free Plumbing

Whether with the idea of forcing a test of the act, or simply to get some free advertising, one plumbing concern in the Toronto zone advertised that it would do emergency work free. The agreement provides that the plumber must pay his men time and one-half for emergency work. No official order to desist was issued by the board administering the plumbing agreement. But it is said that the members of the board succeeded in convincing this master plumber that what he thought would bring him favorable publicity as the apparent champion of lower costs to the consumer, would eventually act as a boomerang and he stopped the practice. I.S.A. administrators are flooded with requests for interpretations, complaints and rulings.

Business Indicators

Milling—June was a bad month for the millers. While more oats, corn, buckwheat and mixed grain were ground than in June of 1934, there was slightly less barley and over 600,000 bushels less wheat. Flour production continued below last year's level, as did exports of flour, which to date are almost 20 per cent under last year's figures.

Wheat—Because of present unfavorable wheat developments, the Sanford Evans Statistical Service suggests that accounts in southern Alberta, southeastern and southwestern Saskatchewan and throughout Manitoba be carefully examined. In spite of rust damage and drought in some sections, prospects are still for a bigger crop than last year, particularly in south central and central Saskatchewan.

Building Contracts—Continued improvement in the building trades is indicated by construction contracts awarded in July as reported by MacLean Building Reports. The total is just about 65 per cent higher than last July, and is the highest figure for that month since 1931.

Leading Indicators as Compiled by The Financial Post

▲Denotes new figures this week.

WEEKLY DATA	Latest 1935	Latest 1934	Cumulative Total Jan. 1 to date 1935	Cumulative Total Jan. 1 to date 1934
Transportation—				
Car loadings (July 27)	▲43,342	43,731	1,288,124	1,268,632
C.P.R. gross earn. (July 31)	$ ▲3,834,000	$ 3,435,000	$ 67,654,000	$ 67,927,000
C.N.R. gross earn. (July 31)	$ ▲5,134,802	$ 4,493,883	$ 95,029,714	$ 93,490,022
Business Conditions—				
Weekly index D.B.S. (July 27)	▲100.1	92.7	......	......
MONTHLY DATA	**1935**	**1934**	**1935**	**1934**
Business Conditions—				
Financial post index (June)‡	100.8	97.4	......	......
Transportation—				
C.P.R. net earnings (June)	$ 1,403,812	$ 1,755,579	$ 6,062,018	$ 8,054,412
C.N.R. net revenue (June)	$ 494,332	$ 968,293	$ 2,179,065	$ 4,378,541
Iron and Steel (June)—				
Pig iron production (tons)	44,555	37,306	259,777	157,827
Steel ingots and castings prod., (tons)	73,450	64,013	388,163	397,522
Automobiles (Number)—				
Passenger Car:				
Domestic sales* (June)	9,606	8,486	56,733	44,100
Factory output (June)	12,276	10,810	90,327	67,084
Trucks and Buses:				
Domestic sales* (June)	2,031	1,639	11,004	6,759
Factory output (June)	3,469	3,095	20,939	14,900
Exports (June)	4,873	5,298	33,578	23,911
Construction—				
Building permits (June)	$ 5,117,066	$ 2,411,460	$ 24,629,071	$ 10,411,377
Contracts awarded (July)	$ ▲18,549,240	$ 11,190,500	$ 94,143,700	$ 72,107,200
Newsprint (tons)				
Production (June)	232,020	229,637	1,284,903	1,261,633
Exports (May)	239,880	207,070	936,333	923,281
Sugar (lb.)				
Melting & shipments§	91,171,100	82,544,198	382,273,000	321,755,074
Manufactured§	89,275,627	83,543,766	384,367,736	316,407,023
Flour (bbls.)				
Production (June)	▲991,559	1,127,477	6,134,108	6,600,671
Wheat flour exports (June)	429,561	441,064	2,242,985	2,533,611
Trade (June)—				
Imports	$ 46,738,689	$ 46,185,892	$ 260,387,393	$ 247,389,850
Exports	$ 51,869,189	$ 58,045,528	$ 300,265,149	$ 289,659,061
Wheat exports (bush.) (June)	6,494,622	18,425,933	45,005,521	64,721,344
Employment, D.B.S. Index—				
All industries (July 1)	99.5	101.0	......	......
Manufacturing	98.5	93.8	......	......
Electric Power Output (June)—				
Total monthly (000's omitted)	1,815,912	1,708,632	11,379,753	10,374,384
Aver. daily	60,530,000	56,954,000	......	......
Other Industrial Indices—				
Lumbering:				
Plank & Board exports, mill (June)	129,800	123,730	587,165	627,659
Boot & shoe prod., pr. (May)	2,032,751	1,884,996	8,907,936	7,580,843
Crude petrol., imp. gal., (June)	131,873,166	114,880,249	442,622,733	428,154,983
Cotton imports, lb., (June)	7,397,290	13,415,388	51,051,859	72,624,145
Raw rubber imp., lb. (June)	3,215,286	4,946,790	29,939,767	30,980,164
Coal imports, tons (June)	1,506,196	1,532,375	5,145,986	5,200,922
Finance—				
Bank debits† (June)	$ 2,710,311	$ 2,602,126	$ 15,216,136	$ 15,442,712
Bond sales (June)	$ 62,687,685	$ 9,343,724	$ 281,042,341	$ 190,182,059
Life insurance sales (June)	$ 32,112,000	$ 32,277,000	$ 181,557,000	$ 188,085,000
Automobile Financing—				
Used cars (June)	$ 2,286,465	$ 1,797,387	$ 11,472,586	$ 7,010,972
New cars (June)	$ 2,669,173	$ 2,469,198	$ 14,132,586	$ 9,639,974

*D.B.S. All-Canada figure comprising over 90% of the Canadian total. †000's omitted. §For 4 weeks to July 13. ‡Preliminary.

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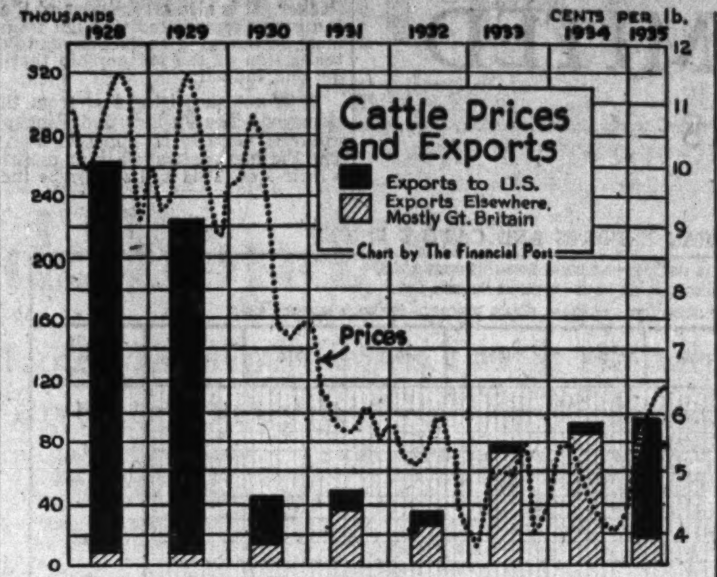

Is Best Year Since 1930 For Livestock Producers

Cattle and Hog Prices at Profitable Level, Says Canada Packers Head—Stresses Importance of Obtaining Freer United States Market for Cattle

Canadian livestock producers have had the most encouraging year since 1930, claims J. S. McLean, president of Canada Packers Ltd., in the annual statement of that company issued this week. Prices for both cattle and hogs, according to this authority, are now at levels which yield a profit to producers.

The most spectacular recovery during the year occurred in cattle prices. The sharp rise in these from January on, Mr. McLean attributes entirely to the rapid reopening of the United States market for Canadian cattle after four years of what amounted to practically a "lock-out."

U. S. Shipments

"In January, 1935," he states, "relief came rather unexpectedly in a demand for cattle from the United States. In that country a combination of factors had brought about a marked reduction in supplies and a corresponding advance in prices. Of these factors the chief were:

"(a) The policy of the United States Government of bonusing farmers for reducing production.

"(b) The severe drought of the 1934 year which had led to the slaughtering of 7,000,000 cattle—and which also greatly curtailed supplies over very large areas.

"In January, 1935, cattle prices in the United States had advanced to such a level that cattle began to move from Canada in spite of the heavy duty. Prices continued to advance in the United States and as they did so, shipments from Canada increased and the price of cattle in Canada advanced step by step to a level equivalent to the United States level less duty on transportation costs."

A Big Change

The rather spectacular change in the cattle situation which occurred the first six months of 1935 is shown in the following table:

Cattle Prices and Exports

	Chicago Price $	Exports to U.S.A. $	Toronto Price $
Average, 1934	5.61	none	4.65
January, 1935	7.71	1,121	4.50
February	9.06	7,024	4.97
March	9.76	16,440	5.74
April	10.10	16.050	6.12
May	9.86	19.326	6.39
June	9.08	10,694	6.42

Note:—Prices are for medium quality steers.

The head of Canada Packers estimates that Canada produces annually a surplus of about 250,000 head of beef cattle. He argues that until some permanent and satisfactory export market can be developed for this quantity the cattle industry of Canada cannot be considered on a stable basis. Until 1930, he points out, this surplus had found a market chiefly in the United States. The Hawley-Smoot tariff passed in June, 1930, increased the duty on cattle entering the United States to three cents per lb.

Beef Prices Slump

"At that time," states Mr. McLean, "all other foods were cheap and the Canadian consumer could absorb this greatly increased quantity of beef in one way only: viz, at a calamitous reduction in price." Efforts to develop the British market for live cattle, states Mr. McLean, were only partially successful, because the market was in any case a limited one, and long distance and consequently high transportation costs made returns, in general, disappointing. As indicated in the accompanying chart, the British market never absorbed more than a small portion of former United States exports and it was not until the American market opened again this January that there was any appreciable gain in price.

In the first six months of the current year, total exports, the bulk of which went to the United States, equalled exports for the whole of 1934. Since compilation of the above chart, there has been some further increase with slightly over 100,000 head going to the United States by mid-July.

But notwithstanding this recovery, Mr. McLean does not believe that the Canadian cattle industry is yet on a permanently sound basis. The duty on cattle entering that country is still three cents a lb., he points out, and under normal conditions he argues that this duty is prohibitive. "What Canada desires is the reduction or removal of this duty," says Mr. McLean.

Mr. McLean does not pretend that the removal of this duty would be an easy matter, and states quite definitely that the present trend of American policy is against such a step. Nevertheless, he believes that there is sound basis for negotiations in the fact that Canada's annual surplus of cattle, 250,000 head, is only equivalent to about one per cent of the annual consumption in the United States and that the effect of such a permanent shipment from Canada would scarcely be noticeable on United States prices.

Added to such an argument, he points out that United States sells to Canada more goods than any other country and that Washington is just as anxious to extend trade with Canada as Canada is anxious to extend trade with her. Such a knowledge, he concludes, makes a sound basis for the present trade negotiations.

Hog Situation

During the past year, hog prices are reported to have been very satisfactory with an average price since April 1, 1934, to March 30, 1935, of $7.73 per cwt. The advance in price which began in January, 1933, Mr. McLean attributes to the British export market opened up by the Ottawa agreements. During the year April, 1934, to the end of March, 1935, Mr. McLean estimates the value of this market to Canadian hog producers at $40 millions. "But for the market which it opened up for Canadian surplus products, Canadian hogs could probably have sold throughout the year at prices approximately the same as those in January, 1933," he says.

But it is argued that the profits may be much greater still, provided the bacon produced from Canadian hogs is brought up to the same high level as that supplied by Denmark, and that supply is assured and reputation built up over a period of years.

Commodity Prices

	Latest week	Previous week	Same week last yr.
Cattle	$6.50	$6.75	$5.85
Hogs	10.60	10.40	9.40
Copper, lb.	.08	.08	.09
Cotton, lb.	.1195	.1215	.1310
Rubber, lb.	.1215	.1181	.15
Sugar, raw, lb.	.0320	.0320	.0330
Silk, lb.	1.59	1.59	1.15
Wheat (Man.) bus.	.84⅜	.85½	.88½
Coffee, lb.	.06¼	.06⅜	.09⅝
Weekly Indices			
N. Y. Annalist	125.0	123.6	114.7
Fishers'	82.6	81.7	77.8
N. Y. Journal of Comm.	79.0	78.7	76.3
Crumps (Brit.)	64.6	64.2	64.5
U. S. Labor	79.1	79.2	75.1
Canada (D.B.S.)	71.4	71.2	72.3
Monthly Indices	**Latest w'sale**	**Prev. month**	**Same month last year**
Canada (D.B.S.)			
Retail (June)	78.7	78.7	78.0
W'sale (June)	71.5	72.3	72.0
U. S. Labor (June)	79.8	80.2	74.6
Gt. Brit. (May)	68.6	66.7	65.4

Note: Indices on all base 1926 = 100. British index is Economist converted to 1927 base.

Base of price quotations is as follows: cattle—steers, good, over 1,050 lb., top price, Toronto: copper—electrolytic, New York: silk—Japanese, 13-15, New York: sugar—96 degrees centrifugal c/f New York: wheat—No. 1 Man. North., Ft. W. Pt. A. basis; hides—heavy native steers; select bacons, Toronto.

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"I've Proved Firestone Safe at Any Speed" says Kelly Petillo

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WITH 50% ADDED NON-SKID MILEAGE*

CANADA PACKERS LIMITED
REPORT TO SHAREHOLDERS

Canada Packers Limited closed its eighth fiscal year March 28th, 1935.

Profit for the year, after Bond Interest, Depreciation and Income Tax, was	$1,318,662.78
Dividends paid Preference Shareholders	422,287.25
Available for Common Shares	$ 896,375.53
On 200,000 Shares	$4.48 per Share.

A Dividend has been declared on the Common Stock of ..$3.00.. per Share, to be paid quarterly beginning April 1st, 1935. Provision is made in the Balance Sheet for the first quarterly Dividend, 75c per Share.. $150,000.00, the remaining three Dividends to be paid at the dates, July 1st, 1935, October 1st, 1935, January 1st, 1936.

The declaration of the first Dividend on the Common Shares is an important event in the history of the Company. Canada Packers Limited was incorporated in 1927. In the case of three of the four Companies merged to form Canada Packers, no Dividend had been paid since 1921.

Therefore, for many of the Common Shareholders, the Dividend now paid is the first in fourteen years.

Future Dividends on Common Shares will be paid as and when made. The amount of such Dividends will be determined at the end of each year, (when Profits have been ascertained) and will be paid quarterly throughout the ensuing year.

......

WORKING CAPITAL:

The calling of the Bonds has brought about a considerable reduction in Working Capital.

Net Working Capital for the two years is as follows:

	1934	1935
Current Assets	$12,228,492.88	$9,641,709.32
Current Liabilities	2,128,034.74	2,746,918.29
Net Working Capital	$10,100,458.14	$6,894,791.03

Reconciliation of these two sums is as follows:—

Add Profit for year	$ 1,318,662.78	
Depreciation Reserve	747,674.27	
Conversion Non-current to Current Assets	87,435.83	
	$12,254,231.02	
Deduct Bonds redeemed	..$4,592,900.00	
Dividends	572,287.25	
Investment, Fixed Assets	51,252.74	
Preference Stock redeemed	143,000.00	$5,359,439.99
		$6,894,791.03

Total Sales, year ended March 28th, 1935, were $62,176,676.55
Total Tonnage, year ended March 28th, 1935 ......658,777,359 lbs.
Profit for the year of $1,318,662.78
was therefore equivalent to:—
2.1% per Dollar of sales
or to 1/5c per lb. of product sold.

For the eight years of the Company's experience, the corresponding figures are:—
1.51% per Dollar of sales
1/5c per lb. of product sold.

During the year under review there has been a good deal of public discussion of the relative Profit of the Farmer and Packer on the Live Stock which the Farmer produces.

Because of this discussion a new analysis has been made this year of the Company's operations. Net Profits have been segregated into four divisions as follows:—

(1) Net Profits on all products derived from Canadian Live Stock.
(2) Net Profits on other Canadian Farm products, including Butter, Eggs, Cheese, Vegetables, Canned Goods, etc.
(3) Net Profits from all other Departments also from operations in United States.
(4) Income from Investments.

This analysis reveals the interesting fact that products derived from Canadian Live Stock comprise two-thirds of the Company's tonnage, and contribute only one-third of the Profit. The actual Net Profit on all products of Live Stock from Canadian Farms amounted to 9.5c per 100 lbs., that is, slightly less than 1/10 cent per lb.

In the report of the Price Spreads Commission the statement appears (page 55) that in 1933—as reported by the Dominion Bureau of Statistics:—

Total Sales of the Packing Industry in Canada were $92,000,000.00
Canada Packers' Sales were ......54,000,000.00 i.e. 59%
Swift Canadian Company's Sales were ......24,000,000.00 i.e. 26%

In other words, Sales of these two Companies were 85% of the total Packing House Sales.

These figures are correct, but they have been very wrongly interpreted.

They have frequently been quoted as indicating that these two Companies handle 85 per cent of the *Live Stock* produced in Canada, and therefore are able to "dominate" prices.

The facts are:—

Only two-thirds of Canada Packers' business consists of products derived from Live Stock.

For the year 1933, Canada Packers' killings in relation to killings in *all* Government Inspected Plants (as published by the Department of Agriculture) were 37%

But almost half the animals marketed in Canada are killed on Farms, in Villages, and in small Plants not under Government Inspection.

In 1933 Canada Packers' percentage of the total Live Stock handled in Canada was 21%
Swift Canadian Company's percentage was 14%
Total of these two Companies 35%

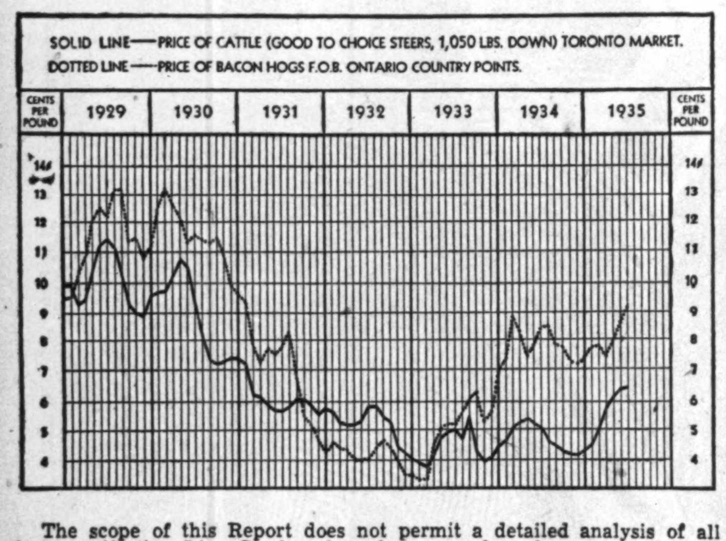
Even if they so desired, which they certainly do not, it would clearly be impossible for Companies handling only one-third of the Live Stock to "dominate" prices.

......

To the Live Stock Producer, the year under review has been the most encouraging since 1930. Prices for Cattle and Hogs are now both at levels which yield the Producer a Profit.

The graph below shows the course of Cattle and Hog prices since January, 1929.

CANADIAN CATTLE AND HOG PRICES



The scope of this Report does not permit a detailed analysis of all factors affecting Live Stock prices, but a condensed summary follows which aims to set forth clearly the main trends and their causes.

CATTLE:

In Canada the depression in the price of Cattle has been more severe and more prolonged than in any other branch of Live Stock. This has been due to the fact that the outlet for the surplus was cut off.

Canada produces annually a surplus of about 250,000 head of Beef Cattle. Until 1930 that surplus had found a market chiefly in United States. The Hawley-Smoot Tariff passed June, 1930, increased the Duty on Cattle entering United States to 3c per lb.

Under the conditions then existing this Duty was equivalent almost to exclusion, and an extra 200,000 Cattle per year, which had formerly been exported to United States, were thrown upon the Canadian market.

At that time all other foods were cheap, and the Canadian Consumer could be induced to absorb this greatly increased quantity of Beef in one way only:—viz. at a calamitous reduction in price.

(To a slight extent the situation was relieved by increased shipments of Live Cattle to Great Britain. But because of the long distance and consequent high transportation cost, returns from these shipments were disappointing, and in any case the outlet in Great Britain was a limited one.)

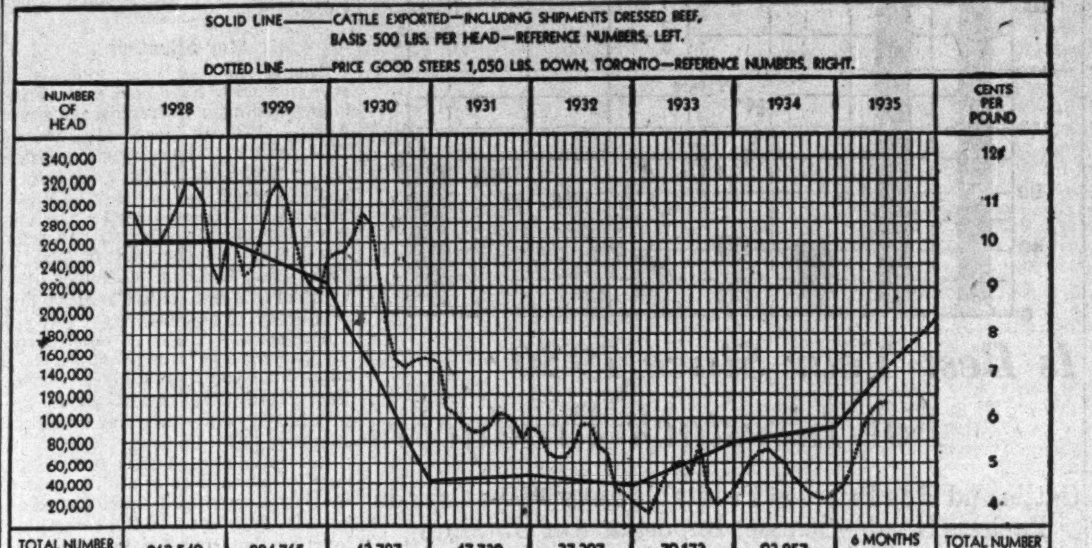
This condition continued throughout the calendar years 1931, 1932, 1933 and 1934.

In January, 1935, relief came rather unexpectedly in a demand for Cattle from United States.

In that Country a combination of factors had brought about a marked reduction in Cattle supplies, and a corresponding advance in prices. Of these factors the chief were:—

(a) The policy of the United States Government of bonusing Farmers for reducing production.

CANADIAN EXPORTS AND CATTLE PRICES



	1928	1929	1930	1931	1932	1933	1934	1935	
TOTAL NUMBER OF HEAD	263,549	224,765	43,727	47,730	37,397	79,173	93,857	6 MONTHS 96,886	TOTAL NUMBER OF HEAD
TO UNITED STATES	255,866	217,459	29,459	9,863	9,771	6,025	7,099	79,864	TO UNITED STATES
TO GREAT BRITAIN	406	12	5,886	28,197	19,524	64,664	76,840	11,101	TO GREAT BRITAIN
ELSEWHERE	7,277	7,294	8,382	9,670	8,102	8,484	9,918	5,921	ELSEWHERE

(b) The severe drought of 1934, which had led to the forced slaughtering of seven million Cattle, and which also greatly curtailed fodder supplies over very large feeding areas.

In January, 1935, Cattle prices in United States had advanced to such a level that Cattle began to move from Canada in spite of the heavy Duty.

Prices continued to advance in United States, and as they did so shipments from Canada increased, and the price of cattle in Canada advanced, step by step, to a level equivalent to the United States level less Duty and transportation costs.

The effect of this movement is shown in the following table:

	Price Medium Steers Chicago	Shipments Live Cattle To United States	Price, Steers 1,050 lbs. down Toronto
Average, year 1934	5.61	none	4.65
January, 1935	7.71	1,121	4.50
February	9.06	7,024	4.97
March	9.76	16,440	5.74
April	10.10	16,050	6.12
May	9.86	19,326	6.39
June	9.08	10,694	6.42

This dependence of price upon disposal of surplus by export is the foundation factor of the Cattle Industry of Canada. Without doubt it is widely understood by Producers, and by others whose duty it is to deal with the problems of the Industry. But at critical times, when the recognition of this fundamental factor is most important, it is sometimes lost sight of.

The graph at the end of this report points dramatically to the connection between exports and prices.

The Canadian Cattle Industry is not yet on a permanently sound basis. The Duty on Cattle entering United States is still 3c per lb. Under normal conditions this Duty is prohibitive. What Canada desires is the reduction or removal of this Duty.

It is, of course, not to be expected that United States will reduce or remove the Duty simply because Canada wishes it. The present trend of American policy is entirely against such a hope.

But nevertheless there is a sound basis for negotiation, because:

(a) Canada's yearly surplus is about 250,000 Cattle. This is equivalent to only one per cent. of the Cattle consumed annually in the United States. The effect upon United States prices of admitting 250,000 Cattle would be scarcely noticeable.

(b) United States sells to Canada more goods than to any other Country. United States is just as anxious to extend her trade as is Canada and in two Countries with 3,000 miles of common border an agreement for the extension of trade *must* be possible which would work out to the advantage of both Countries.

It is common knowledge that conversations to this end have been going on between the Canadian and United States Governments. Everyone interested in the Cattle Industry will earnestly wish that these negotiations may come to a successful issue.

....

HOGS:

The year under review has been a very satisfactory one to the Hog Producer, as is seen from the following table:

PRICE, BACON HOGS, f.o.b. ONTARIO COUNTRY POINTS

	1933	1934	1935
January	3.26	7.36	7.81
February	3.31	8.92	7.85
March	4.61	8.36	7.43
April	5.05	7.47	7.99
May	5.21	7.80	8.64
June	5.19	8.47	9.25
July	5.80	8.54	
August	6.11	7.87	
September	6.34	7.74	
October	5.30	7.25	
November	5.76	7.14	
December	6.98	7.37	

The advance which began in January, 1933, was due to the export outlet opened up by the Ottawa Agreement. The benefit wrought by the Ottawa Agreement was dealt with fully in this Report last year. During the year under review its value to the Hog producers of Canada can safely be estimated at $40,000,000.00. But for the outlet which it opened up for Canada's surplus product, Canadian Hogs would probably have sold throughout the year at prices approximately the same as those of January, 1933.

During the year under review the price of Hogs has remained relatively steady.

The low point was October 2nd, 1934 .... $6.50 per 100 lbs.
The high point was July 17th, 1934 .... 9.00 " " "
The average price, April 1st, 1934, to March 30th, 1935, was .... 7.73 " " "

This is a satisfactory price. The Farmer who produces skim milk, roots, and grain, and converts these into Hogs, undoubtedly makes a Profit at this price.

But the Profit might be much greater still. Throughout the year Canadian Bacon has sold in England at a discount compared to the price of Danish of..8/- per cwt. This is equivalent to approximately..1¼c per lb. live weight for Hogs, i.e...$2.50..per Hog.

Canada produced approximately 6,000,000 Hogs during the year in question.

If Canadian Bacon had sold at the same price as Danish, Canadian Farmers would have received more for their Hogs,—six million times.. $2.50..that is..$15,000,000.00.

The premium which the British Consumer pays for Danish Bacon is due to two main causes:

(1) The undoubted superiority in intrinsic quality of Danish Bacon. This is due partly to superior breeding, but may be even more to the better methods of feeding practised in Denmark.

(2) The fact that Danish supplies have been drastically reduced by reason of the quota, whereas Canadian shipments have been largely increased.

Because of this, Danish Agents have been unable to fill orders sent in by eager Customers, whereas Canadian Agents have had to press Bacon on new and somewhat unwilling Customers.

Nothing could better illustrate the value of being "established" on the British market. The Britisher is the most discriminating buyer of foods in the world, and the most loyal to a brand once it has won his favor. Canada's clear objective is to establish her Bacon in the front rank on the British market.

This objective can be achieved only by close and painstaking co-operation between the Canadian Farmer and Packer in producing the exact type of Bacon the Britisher wishes. The benefit to be secured is many million dollars per year, and this benefit would accrue *entirely* to the Farmer.

....

This illustrates as does every discussion of fundamental Live Stock problems, the essential identity of interest between the Farmer and the Packer. It is also a reminder of the enormous Loss which the Live Stock Industry has suffered through failure to realize this identity. One of the most encouraging developments of the last ten years has been the growing realization of the partnership that exists between these two branches of the *one* Industry.

It is not surprising that from time to time this identity of interest is obscured. The Farmer and Packer meet on the market and there, their interests seem to be opposed. For there, they meet as seller and buyer. The Farmer is always asking a little more, the Packer is always offering a little less. This will always be the case, whether prices are high or low.

But in these transactions the amount that divides them is a small fraction of a cent per lb., a tenth or an eighth,—rarely as much as a quarter.

The underlying fact is that a remunerative level of Live Stock prices is in the interest of the Packer, just as it is of the farmer. If this proposition needed proof it is found in the experience of the last five years. When Live Stock prices declined, Packers' Profits declined, and when Live Stock prices again advanced, Packers' Profits increased.

It is to be hoped the recent public discussion of the Packing Industry will, in the end, serve to call attention to this fundamental identity of interest, and lead to the formulating of a national Live Stock Policy in which Government, Farmer, and Packer will co-operate with a full realization of their mutual interest.

Such a policy, clearly conceived and intelligently followed out, could add many millions annually to the sum Canadian Farmers receive for their Live Stock.

....

In the above comments it is not sought to depict the Packer as a philanthropist who works only for the Farmer without any thought of himself. The motives behind the Packing Industry are the same as those behind every other industry, including Farming. Every Packing business in Canada was founded with the expectation of making Profits. And the most successful units have made quite satisfactory Profits.

The Industry as a whole has not been profitable. If during the last fifteen years all the Profits were set against all the Losses, the net result would be a minus. On sales of hundreds of millions of Dollars, the Profit has been less than nothing.

What good then, can accrue to the Farmer, or to anyone else, from the statement that the Packer has taken too heavy a toll?

The reply may be that individual units in the Packing Industry have made large Profits. Even if this is so, it is surely no reproach to an individual business to succeed in a field in which the total result is Loss. But the fact is that the *largest* Packing Profits examined on the only basis which has any significance to the Farmer, are not large but small. The Farmer is interested only in the cents per lb. which the Packer makes on his Live Stock, and which therefore, might conceivably be added to the price he receives.

Canada Packers has undoubtedly been one of the most successful Companies, and the following are the facts regarding its Profits taken from this and previous Annual Reviews:

(1) In its best years, total Profit from all sources has been equivalent to .... 1/4c per lb.
(2) This year, which is one of its best, the Profit on Live Stock was equivalent to less than .... 1/10c per lb.

Canada Packers has four thousand Employees. Each year since the Company was formed an advance has been made in labor efficiency. To an important extent the satisfactory result of the year under review has been due to loyal and efficient service.

A copy of this Report is sent to each Employee, and the Directors wish in it to express their sincere appreciation of the good work done by all ranks. At the end of the year the Directors felt justified in recognizing this good work by distributing a bonus to each Employee. It is felt the Shareholders will heartily endorse this action.

Toronto, 1st August, 1935.

J. S. McLEAN,
President.

Extra copies of this report are available, and so long as they last will be mailed to anyone requesting them. Address to Canada Packers Limited, Toronto.

CONSOLIDATED BALANCE SHEET OF CANADA PACKERS LIMITED
AND ITS SUBSIDIARIES
AS AT 28th MARCH, 1935.

ASSETS

Cash on Hand	$ 15,572.67	
Accounts Receivable, less Reserve for Losses	3,010,777.65	
Inventories of Products, Materials and Supplies on hand, on consignment and in transit—as determined and certified by the management and valued at the lower of cost or market	5,622,944.92	
Life Insurance (Cash Surrender Value)	209,444.76	
Sundry Investments and Mortgages, less Reserves	534,510.18	
Prepaid Expenses	160,054.49	
Sundry Advances, Deposits, Balances Receivable and Advances to Employees for Expenses, etc.	88,404.65	$ 9,641,709.32
Investment in and Advances to Subsidiary Company, less Reserve (The investment is carried at the nominal value of $1)		96,248.74
Fixed Assets—Land, Buildings, Leasehold, Plant and Equipment		18,982,340.35
Fixed Assets which have been appraised are shown at their depreciated appraised values, and other fixed assets are shown at not exceeding cost. The appraisals were made by: Dominion Appraisal Company Limited, 31st March, 1927. Canadian Appraisal Company Limited, 31st March, 1919, October, 1919, and 30th September, 1922. American Appraisal Company, 1st October, 1919.		
Goodwill		4.00
		$28,720,302.41

LIABILITIES

Companies' Bankers (Secured)		$1,003,704.79	
Accounts Payable and Accrued Charges		875,860.56	
Reserve for Dominion and Provincial Income and Sales Taxes		574,480.69	
Dividends Payable 1st April, 1935:			
On Preferred Shares to 31st March, 1935	$105,586.25		
On Common Shares	150,000.00	255,586.25	
Balance of Bond Issue of The Harris Abattoir Company Limited called for redemption 1st January, 1935, and premium thereon, not yet presented for payment		37,286.00	$ 2,746,918.29
Reserve for Depreciation			7,580,536.96
Surplus on Appraisals			5,684,648.98
Capital:			
Authorized: 100,000 7% Cumulative Preference Shares of $100 each—Redeemable at $110. 200,000 Common shares—no par value.			
Issued and Outstanding: Cumulative Preference Shares ......60,335 shares			
Less: Held by Companies for redemption ......1,430 shares			
58,905 shares		$5,890,500.00	
Common Shares of no par value ......200,000 shares		1,438,284.46	
Earned Surplus Account		5,379,413.72	
(Contingent Liability in respect of Paper under Discount and Guartee $160,000)			12,708,198.18
			$28,720,302.41

CONSOLIDATED EARNED SURPLUS ACCOUNT

Balance at credit 29th March, 1934		$ 4,633,038.19
Net Profit for the year		1,318,662.78
		$ 5,951,700.97
Less: Dividends:		
Four quarterly dividends of $1.75 each per share on Cumulative Preference Shares to 31st March, 1935	$ 422,287.25	
Dividend of 75c per share on Common Shares Payable 1st April, 1935	150,000.00	572,287.25
Balance at credit 28th March, 1935		$ 5,379,413.72

Central Electric Stations Set New Mark in Half Year

Production and Consumption Create New Record — All Five Economic Areas Share in Reported Increase — Total is Up 10 Per Cent

From Our Own Correspondent

MONTREAL.—Both output and consumption of electrical energy in Canada for the first half of 1935 were the largest ever reported for any corresponding period in the history of the central electric station industry in Canada.

During the first six months of 1935 central stations reported an output of 11,380 million kw.h. This compares with 10,374 million kw.h. for the corresponding period of 1934, or a gain of about 10 per cent.

The improvement in production is more pronounced when analysed on a daily average output basis. For January-June period this year, the daily average output was 62.8 million kw.h. as against 57.3 million kw.h. for the same six months last year.

All Show Gains

Production of the central electric stations by the five principal economic areas for the first half of this year, together with comparative figures for the same period in 1934, follow:

Output January-June (Millions of kilowatt hours)

	1935	1934
Maritimes	390	365
Quebec	6,151	5,480
Ontario	3,302	3,096
Prairies	797	745
B. C.	740	687

Consumption Climbs

Demand for electrical energy by domestic, commercial and industrial users continues to advance. Consumption for the first half of the current year totalled 10,753 million kw.h., as against 9,772 million kw.h. during the first six months of 1934.

The greatest gain was recorded by Quebec, but Ontario was not far behind. All areas report an increased consumption as shown in the following table:

Provincial Consumption January-June (Millions of kilowatt hours)

	1934	1935
Maritimes	382	389
Quebec	4,813	4,318
Ontario	4,021	3,666
Prairies	806	753
B. C.	731	678

More For Boilers

Electric boilers continue to play an important part in the distribution of energy as is shown in the report prepared by the Dominion Bureau of Statistics. For the first half of this year deliveries to electric boilers totalled 2,900 million kw.h., compared with 2,568 million kw.h. for the corresponding period a year ago.

The more widespread use of electric boilers, especially in the pulp and paper industry, is shown in the following tabulation setting forth the deliveries to electric boilers by provinces:

Electric Boiler Demand January-June (Millions of kilowatt hours)

	1935	1934
New Brunswick	17	15
Quebec	2,159	1,928
Ontario	581	488
Manitoba	140	134
B. C.	1	0.9

DOSCO'S POSITION IS BEST IN YEARS SAYS PRESIDENT

Expect '35 Coal and Steel Output Will Equal 1934 Returns

From Our Own Correspondent

MONTREAL. — Present expectations are that Dominion Steel and Coal Corp.'s output of coal and steel during 1935 will approximate that reported for 1934.

According to Sir Newton Moore, president of the corporation, the position of Dosco at present is better than it has been for some years. During the course of 1935 it is expected the company will distribute more than $40 millions in wages, and other disbursements. Wages alone will total $20 millions and other expenses will add up to about the same amount.

"We look forward to finishing 1935," said Sir Newton, "with about the same coal output as in 1934—approximately five million tons—and we hope we may be able to accomplish about the same output of steel as in 1934."

Steel Plant Active

Last year the steel plant consumed 515,940 tons of coal and in 1935 it will use 560,000 tons. In addition the plant will take in more than 500,000 tons of iron ore from Wabana and 200,000 tons of limestone from Belle Isle.

Supporting the original idea of using Sydney as an export centre, Sir Newton predicted further developments.

"Because of the growth of intertrading among the British commonwealth in the meantime, our exports may be expected to be chiefly to points within the Empire, as they have been during the past two years, and I hope for continued progress in this direction."

SALMON CATCH NOW IMPROVING, EXPECT NORMAL

International Legislation Reported Favorable in Southern B. C.

From Our Own Correspondent

VANCOUVER.—Although worldwide marketing conditions add uncertainty to the salmon packing industry of British Columbia again this season, prospects of a big catch have improved considerably in the last few weeks.

Removal of the fish traps in Puget Sound waters as a result of legislation passed by the state of Washington some months ago is expected to be a favorable factor to Canadian packers in the Fraser River area.

Pack is Gaining

On July 27 the total salmon pack had reached 293,000 cases, and that is 30,000 cases higher than for the corresponding period in 1933, 65,000 cases more than in 1931, but 40,000 cases below 1934 and 17,000 cases below 1932.

The sockeye pack this year is so far the biggest since 1930. The spring catch is lower, but other varieties have maintained the average pretty well.

Expect No Record

An exceptionally large pack is not expected this year, however, as this is an off year for both the regular sockeye four-year cycle, due again in 1936, and the late run sockeye which boosted the pack in 1930 and 1934.

Sockeye have not yet been reported in the Fraser, but this movement should begin before the middle of August. Nearly all the sockeye packed so far have been from the northern canneries.

Union Gas Sales Gain; Profits Double So Far

Increased sales of gas produced profits of $112,966 for the three months ended June 30, the first quarter of the fiscal year of Union Gas Co. of Canada, and its wholly owned subsidiaries, Windsor Gas Co. and City Gas Co. of London. This compares with $61,299 for the corresponding period of 1934. Both figures are net after charges but before provision for Dominion income tax.

The increase of $51,667 is due largely to an increase in sales of gas, it is stated.

John D. Gilmour
(B.Sc.A., B.Sc.F., Toronto)
CONSULTING FOREST ENGINEER
QUEBEC, P.Q.
Member Executive, Pacific Logging Congress; Member of Canadian Society Forest Engineers, Quebec Association of Forest Engineers, Senior Member Society of American Foresters.
Organization and management of large pulpwood-logging operations. Available in logging or timberland problems. Bush road construction.

NOTICE is hereby given that the owner of Canadian Patent No. 324,461, issued 26th July, 1932, for "Glass Rod & Tube Manufacture" is desirous of arranging by way of licence for the commercial exploitation of the invention in Canada. All communications should be addressed to H. Baron, 231 Strand, London, W.C.2, England.

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that experience has proven failure to make a Will one of the greatest mistakes a property owner can make many neglect this duty. If you have no Will there is a possibility of trouble and loss for your heirs which you can prevent by taking proper precaution now. Consult your Lawyer and our Estates Department. He will draw your Will—we will act as Executor and Trustee.
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FOREIGN NEWS REVEALS DECLINES

Weekly Summary Includes Unfavorable News from Many Lands

Summary of the week's foreign business news according to Commerce Reports, Washington, is as follows:

Germany—Both import and export trade declined during June, the two branches being practically balanced at 318,000,000 marks.

France—Production and wholesale and retail trade remained depressed, the only encouraging factor in the situation being larger carloadings and seasonally reduced unemployment.

Belgium—The general position remains uncertain, but some encouragement has been provided by falling unemployment, heavy tourist expenditures, and improved Government revenues.

Italy—The Italian gold reserve was considerably reduced in June, owing to release of exchange for payment of imports; many industries remain unusually active, because of production of war supplies.

Czechoslovakia—All branches of Czechoslovak industry except metallurgy show a gradual decline, and foreign trade has shrunk, though having a larger favorable balance than last year.

Japan — Japanese conditions are generally unchanged, with the stock markets dull and commodity prices weak; the wheat crop is considerably better than last year.

Philippines.—Mixed trends characterize business in the Philippine Islands, with gains and losses counterbalanced in both import and export commodities; carloadings in June show the first gain over the corresponding month of last year.

China—The National Government has approved a proposal of the Central Bank to establish note-issuing bureaus in three districts.

Seventy Countries Take Rubber Goods

Rubber exports in June were valued at $1,026,921 compared with $885,152 in May and $1,028,550 in June, 1934. Pneumatic tire casings as usual formed the largest item. They went to 70 countries to the value of $592,465 as against $550,139 in June last year. The larger markets were as follows: Brazil, $67,309; British South Africa, $59,732; Sweden, $54,765; New Zealand, $49,520; Netherlands, $42,430; Iraq, $30,011; Egypt, $27,708, Straits Settlements, $28,868; Jamaica, $24,148; China, $23,372; Syria, $20,688, Palestine, $17,908; France, $16,176; Dutch East Indies, $10,363; Venezuela, $10,010.

The export of canvas shoes with rubber soles amounted to 293,692 pairs of the value of $151,668 as compared with $338,066 at $161,143 in June, 1934. The largest customer was the United Kingdom taking this product to the value of $71,258, followed by New Zealand with $32,324

THE FINANCIAL POST

SECOND SECTION

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Whither Go Gilt-Edged Bonds?

High Prices for Dominion, Provincial and Municipal Bonds Tempt Holders to Sell—But Alternative Investments Involve Greater Risk of Capital Losses

By C. W. STOLLERY

Should I sell my government bonds at present high prices?

This is the question more frequently asked than any other by individual investors in Canada today.

While investment firms have been strong in the contention that the spectacular strength of gilt-edged bonds in the past two years would be maintained, some doubts are now being expressed. Many of their salesmen are advising liquidation of gilt-edged bonds, partly, of course, to drum up business. Doubts of the wisdom of hanging on to gilt-edged profits are none the less genuine.

Like most investment conundrums, this query about the gilt-edged bonds cannot readily be answered simply "yes" or "no." The qualifications to any answer must be legion.

Look Back Two Years

To understand the problem of the trend of gilt-edged bonds in Canada, it is necessary, first, to look back two or three years. Government bonds were cheap three years ago, judging by past investment history in Canada, which, incidentally, was a good guide. Gilt-edged securities had been pushed into the depths by the European financial crisis of 1931, and the depression was deepening steadily. Bond firms proved themselves correct in predicting a recovery from abnormal depression in the gilt-edged market.

It will also be remembered that it was in October, 1932, that the Dominion government deliberately set out to impel credit into the bond market via the banking system. Even without this aid, prices for Dominion, provincial and high-grade municipal bonds were recovering. Due partly to the coincidence of several remarkable circumstances, however, it is conceded among professional economists that the cheap money programme gave a marked fillip to government bonds in 1933 and 1934. There are scoffers at this, of course. And unforeseen circumstances obviously contributed to the rise of the gilt-edged. But the government programme appears at least to have given added force to an otherwise natural recovery.

How Cash Expanded

Briefly, the view of economic authorities is that the $35 millions of cash placed in banks by the Dominion in 1932 led to far greater purchases of bonds by the banks than might otherwise have been the case. More than $50 millions additional cash was mushroomed into the bond market in 1934. The contention is that this $35 millions has multiplied itself in bond purchases, providing a firm foundation for price recovery.

Whether caused by the programme of credit expansion or not, it is a fact that banks and other institutions, such as life insurance companies, have added tremendously to their holdings of government bonds in the past three years. Banks, for instance, held only $465.5 millions of government bonds in May, 1932. A year later the amount was $631.1 millions, an increase of $165.6 millions. By May, 1934, another $15 millions had been added. In May, 1935, bank holdings of government bonds totalled $835.3 millions. This is an increase of $189.3 millions in one year. Over the three-year period it is a rise of $369.8 millions.

Only in the Great War period was there ever such a mushrooming of bank portfolios of government bonds. In the 1932-35 period, life insurance, loan and trust companies and others have been adding to their holdings. This buying by banks and other investing institutions is one of the major factors in pushing prices for government bonds to the highest levels of the present century.

Other Influences

There were other important factors, however, which enabled this institutional bond buying to take effect in price-raising.

First in importance, foreign exchange rates more or less by chance favored the advance of bond prices in Canada. Suspension of the U.S. gold standard early in 1933 and devaluation of the American dollar played a major rôle in Canada's gilt-edged drama.

The U.S. monetary crisis of early 1933 drove American investors into buying Canadian bonds between April and July of that year. Meanwhile, suspension of the U.S. gold standard and American fears of inflation elevated the pound sterling to $5. This had the effect of making Canadian bonds attractive to British investors. British buying of Canadian bonds which started in the middle of 1933 has only recently dried up.

Satisfactory proof of the effect of foreign exchange rates on Canadian bonds was given in November, 1933, when the Canadian dollar went to a premium of about five cents in New York. Immediately a wave of American offering of Canadian bonds sent our prices tumbling. From this, and from the obvious aloofness of British bond buyers when the Canadian dollar was at a substantial premium in London, it appears that a modest value for the Canadian dollar is necessary to maintain our gilt-edged bond market.

Need Exchange Stability

Unforeseen as it may be, a rise of the Canadian dollar, or a fall of sterling or the U.S. dollar, would have a tendency to bleed the Canadian bond market of the strength derived from purchases of our securities abroad. Further, there might be a tendency for outside selling to develop and to depress bond prices here.

Opinion among professional bond men is almost unanimous that stability of exchange rates will be most helpful in maintaining the strength of our bond prices. There is no admitted arrangement for sterling-dollar stabilization, however, which guarantees the present happy circumstances where the U.S. dollar is at 100 cents and sterling at $4.95 in Canada. It is apparent that this is one factor bearing on our bond prices which cannot be forecast.

External Bond Rates

Another major factor affecting bond prices in Canada is the rate of interest in Great Britain and also in the United States. The interest rate obtainable on British bonds fell far below that available in Canada in 1932. British rates stayed low in 1933 and dropped further in 1934. Coupled with the rise of the pound, these low rates made Canadian bonds attractive to Britons in 1933 and 1934. This is the way it worked. In 1932, £1,000 in British government securities would earn about £35 per annum. But £1,000 bought only $4,000. Hence it was not particularly attractive to buy sterling-payment Canadian bonds yielding 4½ per cent. The return in sterling would only be about £38. When the pound went to $5, however £1,000 would buy $5,000. The money could be invested to bring £45. Naturally, the result was British buying of Canadian bonds.

Low Rates Vital

It is sure that maintenance of low money rates in Britain in addition to a $4.90 pound is necessary to sustain gilt-edged bond prices in Canada.

There is no indication that British authorities have any intention of allowing interest rates in the old country to rise inordinately. Nor can it be foreseen, however, that British rates are likely to go much lower at present. Industrial financing and business borrowing are more marked in Britain than for some time. The effect may be to raise interest rates on gilt-edged securities. Already, the British gilt-edged market has receded somewhat from the high level reached early this year. If this trend continues, it will not conduce to firmness for gilt-edged bonds in Canada.

Rates of interest and sentiment in the United States are equally important to gilt-edged bond prices in Canada. Despite the huge government deficits, Uncle Sam has succeeded in keeping interest rates low. This has been done through huge purchases of government bonds by government-inspired agencies, such as the Federal Reserve System.

Influence of U.S. Rates

It is possible that the constant government borrowing in the United States may eventually tend to raise American interest rates. Another development which would have the same effect would be pronounced business revival in the "land of the free." More active business in the U.S.A. might lead to increased borrowing, the tendency naturally being to raise interest rates. If something of this kind were to occur, it would make Canadian bonds less attractive to Americans. Selling might develop, thus weakening our bond prices.

If for any of these reasons British and American bondholders were to start to sell their holdings in Canada, the effect would not necessarily be to drive bond prices down drastically. There might only be a comparatively moderate price recession. It might easily be accompanied, however, by a fall of the Canadian dollar. This would not necessarily be an entirely adverse development and might have the effect of drying up the selling of our bonds by outsiders. The disturbance, nevertheless, could not have a favorable influence on Dominion, provincial and high-grade municipal bonds. By the same token, it could hardly improve the price of corporation and lesser governmental bonds in Canada.

So much for some of the major uncertainties.

Favorable Viewpoint

Here is a viewpoint favorable to continuation of present low interest rates. It is issued by Dominion Securities Corp., Toronto. This investment firm states:

"There are two factors which, combined with the accumulation of funds seeking sound investment, serve to point the way toward even lower yields and to indicate the attractiveness of the yields now obtainable from high-grade government, municipal and corporation bonds

"The reduction in the bank interest rates: Prior to May 1, 1933, the rate paid on bank deposits was 3 per cent, and in the case of loan or trust companies, the rate was 4 per cent. By Nov. 1, 1934, the bank rate stood at 2 per cent and on Jan. 2, 1935, the loan and trust companies' rate was down to 2½ per cent. On short term deposits the rate ranges from 1 per cent to 1½ per cent.

"The establishment of a central bank:—This has led to the creation of a short term market and it is of interest to note that whereas the first treasury bill issue after Jan. 1, 1934, was at an average cost to the Dominion government of 2.85 per cent, the cost on the $30,000,000 issue of 92-day bills on July 30, 1935, was 1.2337 per cent.

"The continuation of a policy of cheap money will unquestionably effect a further lowering of the rate on prime investment isues and cause an appreciation in the market value of bonds at present outstanding."

Cheap Money View

Another interpretation of the cheap money rate structure in Canada is given by Wood, Gundy & Co., as follows:

"The trend toward lower money rates is attributed to the continued accumulation of funds for investment by institutions as well as industrial companies and private investors. Security holdings of Canadian banks increased by $174 millions during the past 12 months. Investors continue to favor discount bonds and an abnormal spread in yield exists between low coupon discount bonds and high coupon premium bonds of the same issuing body.

"Canadian bonds continue to flow to United States in appreciable volume, while the movement of securities between Canada and London is comparatively small and definitely lower than one year ago. Elections in the provinces of Alberta and Quebec, and the Dominion election, which are expected to take place during the next two months, together with European events, may have a temporarily quieting effect on the Canadian bond market. But the underlying factors are for the maintenance of a strong bond market and for further price advances in certain classes of securities, including western provincial and corporation bonds."

How High is Up?

Undoubtedly there is a tendency at present to view low interest rates as abnormal. Put another way, it is frequently stated that government bond prices are too high in Canada. Those who believe high bond prices and low interest rates can and will be maintained point out that such low rates were the rule rather than the exception before the war.

The debate is on the subject "How High is Up?"

Doubting Thomases assert that prices for government bonds have now reached the highest point of the present century. That is, yields are at the lowest in 35 years in Canada. That this is a fact is shown in the accompanying chart by A. E. Ames & Co. By negative reasoning, it is contended that if prices are the best in 35 years it is only reasonable to expect them to recede; or at least to stop rising. It is true, of course, that the rise must stop at some peak. Bonds have been approaching this summit.

Trend of 20th Century

The chart of yields clearly shows the gradual rise prior to the war caused by the demand for capital in Canada. Yields rose much more rapidly during the war as loan after loan was floated and outside sources of money dried up. There was a brief cessation of the rise of interest rates and the fall of gilt-edged bond prices after the war. When the pound fell, however, the rise of rates and accompanying fall of bonds continued. The thawing out of loans from 1921 onward, and the increasing supply of money as business recovered from the early post-war depression pushed government bonds upward. This movement was only interrupted by the unusual demand for speculative loans which arose in 1928 and 1929 from North American stock market booms.

Trend Has Been Upward

There was apparently a natural tendency for interest rates to fall and for bonds to rise after the 1929 crash. It was only interrupted by the European crisis of 1931.

Post war experience has been that the natural tendency has been for the Canadian gilt-edged bond market to rise. This may be confirmation of the theory of J. M. Keynes, eminent British economist and life insurance executive, that saving will continue to lower money rates and strengthen gilt-edged bonds. Even Mr. Keynes, however, has recently indicated that his faith in the firmness of gilt-edged bond prices and cheap money has weakened a bit.

Leaving these uncertainties aside, the internal credit situation in Canada must be examined in considering the prospects for high grade bond prices.

Internal Credit Factor

All good things come to an end.

The point of this remark is that the credit expansion caused by issue of cash to the Canadian banks must ultimately cease to be effective unless supplemented by fresh expansion. This could occur through cessation of securities purchases by the banks. Such a development could arise from an increase in the demand for commercial credit from the banks.

There are some financial men who contend that the Dominion's credit expansion was not what caused the rise of bank investments at all. They say it came because commercial borrowing dried up and the banks simply turned the money into bonds.

In any event, revival of business demand for money would tend to withdraw the bulwark of bank investment from gilt-edged bonds. One bank official recently ventured that the banks would be glad to get rid of $500 million of government bonds and lend the money to business. The consequence could hardly be favorable to bond prices. Naturally, it might take several years for such an enormous change-over to terminate. Meanwhile, however, there would be pressure on government bonds.

Maw of Mortgages

Another important aspect of the internal credit situation is that there is only a minor amount of money being lent on mortgages. There have been too many discouragements for lenders. Moratoria and depreciating property have made for losses and for frozen loans. This may change.

The long process of debt liquidation and adjustment may eventually be followed by lifting of moratoria. Business revival, if it continues, may improve property values. Certainly there seems to be little doubt that a demand for new housing will come with any prosperity that may be ahead for Canada. This would provide an outlet for mortgage money which has been going into government bonds. The effect would be to bring some liquidation of government securities and to dry up bond buying by such institutions as mortgage and life insurance companies which would be glad to lend on property to get a better rate than is available on government securities. The effect would be toward pressure on government bonds. The normally capacious mortgage maw could swallow a lot of investment funds.

It is noteworthy that the scarcity of desirable mortgage loans, and the influences which have worked against the interests of mortgage lenders, have made a difficult problem for institutional investors. They have had very little choice but to put their money into bonds. If they can find good mortgages for their funds, they will be glad to stop buying bonds.

Problem of Individual

The problem for the individual investor who holds government securities is what to do with the money if he cashes in on his profits.

The choices are not easy.

He can buy secondary government bonds, provincials or municipals. Some of these are considered out of line with normal relationship to Dominion bonds. Scrutiny of investment lists may enable the investor to switch into some municipal security of promise, if not of present merit. In doing this, there may be a loss of marketability and some addition to risk. Unfortunately there are few less desirable securities for the safety-first investor than risky municipal bonds.

Then, of course, there are corporation bonds. They seem to divide themselves into four broad groups, which may be termed roughly:

The best, near-best, the inferior and the poor.

The best corporation bonds stand in danger of redemption at present low interest rates. This has happened in the cases of Harris Abattoir, Dominion Textile and other esteemed issues. Some highly-regarded public utility bonds are due for redemption. Outside this development, such bonds might solve the problem for the investor who can take some risk.

The near-best bonds are those which are not sufficiently highly esteemed and priced to make redemption likely. Those which sell safely below redemption prices. The trouble with these and with the inferior classes of corporation liens is that the element of risk is clearly much greater than in Dominion and provincial bonds.

The attractions of inferior and defaulted bonds are largely speculative. So they carry little appeal for the safety-first investor.

Choice of Stocks

Then there are preferred stocks. These too are subject to redemption in the case of the best shares. Goodyear Tire seven per cent preferred exemplified this. The lesser preferreds carry risks which are naturally greater than those for government securities. There are some non-callable preferreds such as the Tuckett Tobacco seven per cent stock which present fewer risks than others. All such investments require watching, however, whereas government bonds are as nearly fool-proof as possible.

Finally, the investor comes down to common shares. These present the risk unadulterated. Constant scrutiny is a first requisite. Prevision is valuable and often essential. Nevertheless, there are some authorities who prefer common stocks to other alternatives to gilt-edged bonds. Still, they can hardly be recommended with impunity for the placement of widows' and orphans' funds.

Canadian Trend

A year and more ago, The Financial Post pointed out that government policy in Canada was firmly directed toward lowering interest rates on gilt-edged bonds; which is the same as saying toward raising prices for gilt-edged issues. Policy today is still directed toward maintenance of low interest rates, and consequently of high bond prices, in order to bolster recovery.

If and when business really revives rates of interest may rise and government bonds may fall. This is the view expressed recently by Arthur B. Wood, president of the Sun Life Assurance Co. of Canada, the largest investing firm in this country. Corporation bonds and preferred and common shares would not necessarily follow any decline of government bonds, but might actually improve in some cases. If the individual investor decides to take profits on gilt-edged bonds in anticipation of such developments, he is practically sure to face some addition to his investment risk in the lesser securities he buys. Shrewd investment will be necessary to avoid capital losses which might eat up profits now available on gilt-edged securities.

"Ifs" of Gov't Bond Prices

Present high prices for gilt-edged Dominion, provincial and municipal bonds may be maintained:

If sterling stays at or above $4.87;

If the U. S. dollar remains at least at 100 cents;

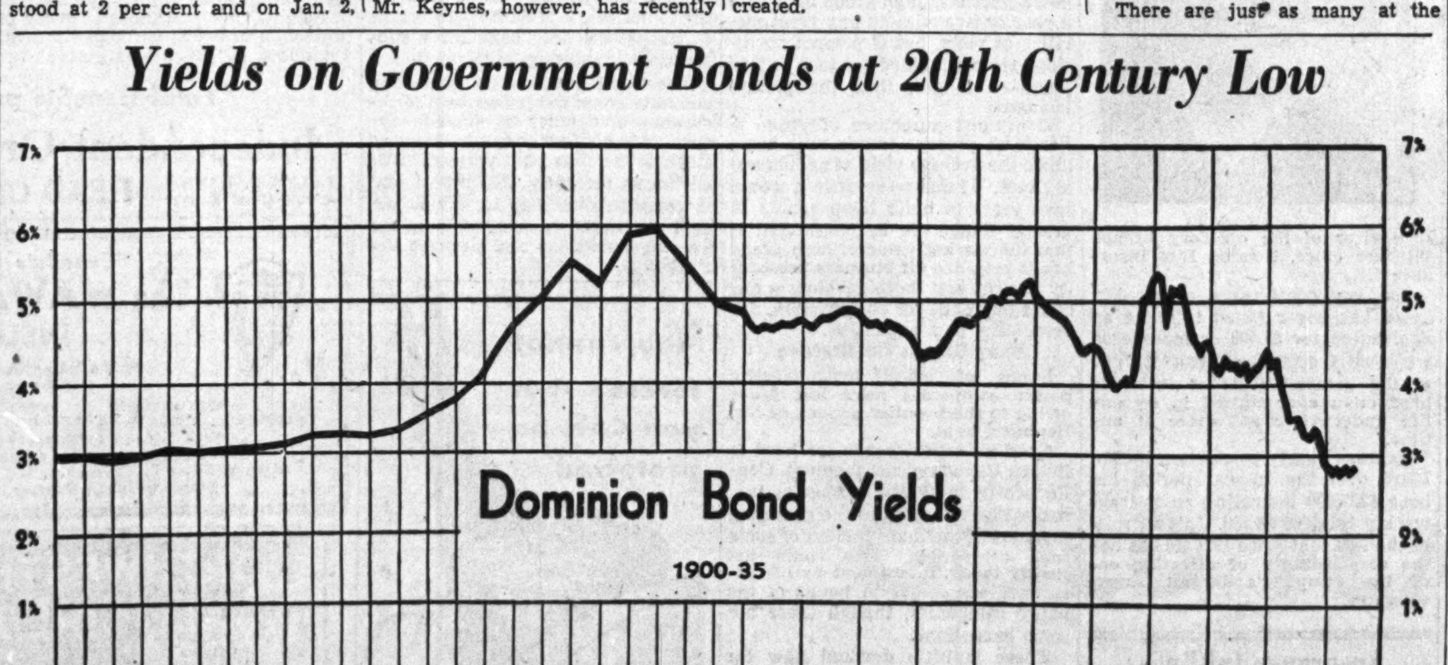
If British and American interest rates remain below rates on Canadian bonds;

If resumption of mortgage lending in Canada does not become too pronounced;

If business recovery does not absorb Canadian bank credit too rapidly.

The problem of the Canadian investor in governmental bonds is that to sell for profits it is necessary to buy more risky securities. There is no positive answer to the query: "Should I sell my government bonds?" Alternative investments require constant scrutiny.

Yields on Government Bonds at 20th Century Low



Prices of gilt-edged government bonds in Canada have risen so sharply in the last two years, that yields are near the lowest levels of the present century. This chart by A. E. Ames & Co., Toronto investment firm, shows clearly the precipitate decline of yields since 1933. The downward movement of yields, of course, signifies a similarly sharp rise of prices. The movement has been most marked for the most highly regarded government and municipal bonds. It has, however, extended to corporation and secondary governmental bonds to a sufficient extent to allow profitable refinancing at reduced interest rates.

WAR ON WASTE

TORONTO municipal politicians have accepted a tender of $36,414 for street paving, which is $1,171 higher than the lowest tender of $35,243 by a fully responsible firm. This is a straight waste of $1,171 of the taxpayers' money.

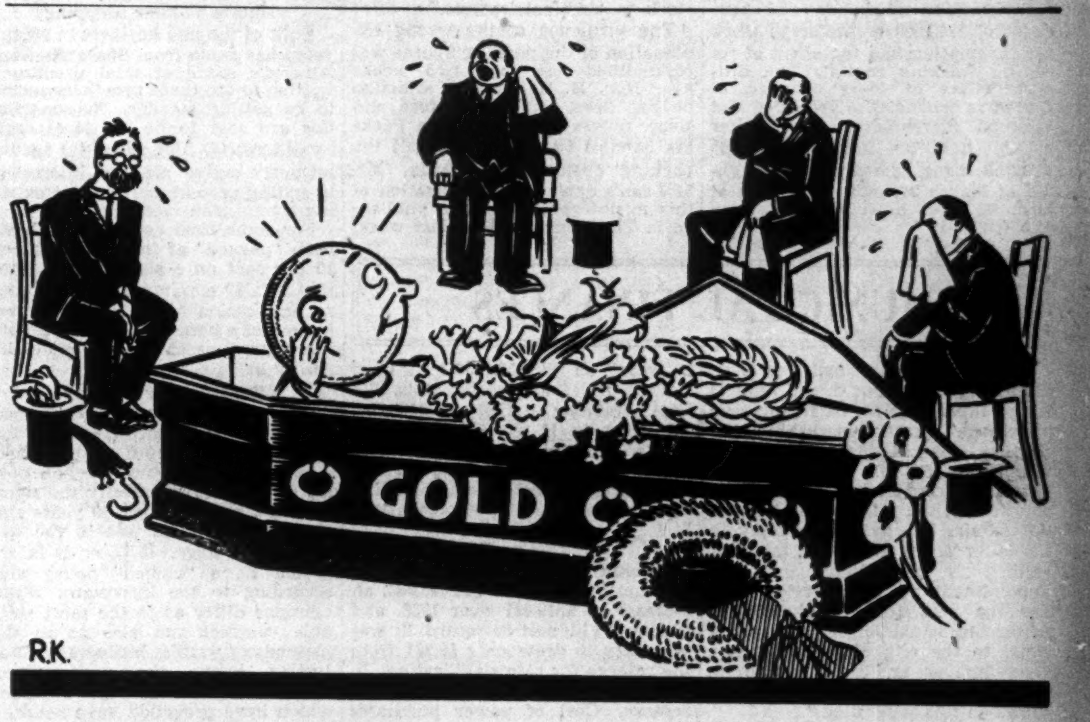
Presumably the reason for calling for tenders is to get the best possible price. When the best price is not accepted, competition by tender for other city works may be discouraged.

Worst feature of non-acceptance of low tenders is that work might just as well be awarded without calling for tenders at all. The tender principle is designed to protect the city and the taxpayer from the very waste to which non-acceptance of low tenders leads: excessive costs. This is the worst sort of government waste because it is deliberately created.

Singing a Dirge for Gold

There are Plenty of Economists Ready to Join in That Chorus But They May be a Little Previous

By FLOYD S. CHALMERS



Many an amateur monetary economist has sung the dirge of the gold standard. Now a great many of the professionals are joining in the chorus.

Over a wide area, the plea is heard for stabilization of exchanges so that the world may trade again and provide jobs for the people. International business men, at their recent conference in Paris, called for such action.

But the plea is not unanimous. There are those who preach nationalism in money just as they preach nationalism in trade. They snap their fingers at international stabilization. They take their text from President Roosevelt's message to the World Economic Conference. He said:

"The sound internal economic system of a nation is a greater factor in its well-being than the price of its currency in changing terms of the currencies of other nations...

"...the United States seeks the kind of dollar which a generation hence will have the same purchasing and debt-paying power as the dollar value we hope to attain in the future."

In brief—Managed Money or Stable Money.

Was Roosevelt Right?

Roosevelt shocked many people. Some of those same people now think he was right.

But a dollar of unchanging value is not without its weaknesses. Ignoring those of internal consequence, it has one weakness of world consequence. A dollar that does not change its value in terms of commodities may fluctuate violently in terms of other nations' currencies. Such fluctuations are bad for world trade.

Roosevelt left it to the future to work out its own international monetary standard and virtually said he didn't care a snap whether it was gold, silver or what have you. He took a 100 per cent nationalistic view.

Among those who are agreed that an international system of money is desirable there is not complete unanimity of opinion as to what it should be.

Old Gold System Gone

There may be a few economists and bankers who think that the old gold standard was all right and who want us to go back to it. If such there be they are saying little just now. An unreformed gold standard would be as much of an anomaly as an unreformed Imperialism.

There are many who think that the old gold standard was wrong but that a new and reformed gold standard would be right. They aren't quite certain just what reforms are needed.

There are just as many at the moment who think that gold need have no place at all in the world's money system in the future. For metallic money they would substitute managed money. One such is the famous Professor Gustav Cassel who says:

"It may be true that the world still has an unshaken confidence in gold. But it has very little confidence in gold standards.

"The gold standard has this inherent weakness, that it can be abandoned.

"There is no gold standard to return to. The action of the United States has definitely destroyed the very concepts of the gold standard.

"The essence of the gold standard is the unqualified right of the individual to get gold for his money or a definite guarantee that this money has been maintained at a single parity with gold. We shall never again have such a guarantee."

Management Over Metal

A little while ago Stephen Leacock jeered at managed money. He said you cannot manage money any more than you can manage a wife. Another Canadian economist, William H. Moore, in a recent book, also objected to managed money. He preferred not to have his currency managed by the politicians; he preferred a return to gold "for the faith that men have in it." But Professor Gustav Cassel, and Rt. Hon. Reginald McKenna and Sir Basil Blackett and Prof. Maynard Keynes think a metallic backing is much less important than management.

Is Part of Planning

Managed money is a phase of economic planning. Economic planning, where done, is performed on a national scale. We cannot begin to think of international planning until we have learned a bit about national planning and we haven't learned that bit yet.

Speaking moneywise, where do we go from here?

There are several problems involved in this matter. They might be set down as a series of questions.

1. What was wrong with the old gold standard?
2. What do we want of our money system in the future:
   a. nationally?
   b. internationally?
3. What is management of money?
4. Can we have national management of money and an international money system at one and the same time?

It so happens that there has been a veritable avalanche of literature on this subject in recent weeks. So we will go to the more active participants in the money debate for the answers—or what they consider to be the answers—to these problems.

What Was Wrong With Gold?

First, and with as little violence as possible to any school of thought, let us see what the new monetary schools conceive to have been the great weakness of the old gold standard and see too why they think it can never come back.

Here is a free rendering of the dirge of the gold standard as it is sung by many of the authorities we turn to:

The gold standard is dead. It died as soon as people caught on to its machinations. They threw it out. They'll never bring it back.

It never was a human thing. It cursed mankind with false booms and genuine depressions.

That "Inherent Conflict"

It was wrong because it had only one main objective: to keep the currencies of different countries at par with one another. And there is "an inherent conflict between a rigid gold standard and a stable internal measure of value." Sound money—externally speaking — is unsound money internally. But to keep currencies at par the gold standard was willing to sacrifice prosperity, jobs, people's happiness.

Only bankers are interested in stable exchanges. They never cared about the people so long as their money was safe. The people are now going to demand that their interests come first.

Stable exchange depended upon price levels and other conditions in different countries keeping in step with one another. If one country got out of step it had to adjust itself. That adjustment might mean a high bank rate, a fall in prices, deflation, unemployment, social trouble.

Not Worth Its Cost?

Now, some people think they have learned—(and we are still continuing our free rendering of the dirge)—that the gold standard is not worth what it cost. They will never again sacrifice internal prosperity for the sake of stable exchanges, which are at best a banker's racket. If there is a choice between deflation at home and falling exchanges abroad, nations will accept internal trade stability and let currencies go hang.

Each country is going to manage its own money to its own needs. The new emphasis now shifts from international stability to internal stability.

Such is the case against gold. There are other crimes mentioned in the indictment but the main charge against the old international gold standard is that it was an overriding world force, that interfered with national ambitions.

Four to One Against Gold

On the desk of the present writer, as he pens this, are about twenty books, pamphlets and other pieces of literature discussing this question of international currency stabilization versus nationally managed money. A rough and ready census indicates that the voting in them is about four to one against gold. A year from now the story may be different. In these days money ideas don't stay put. There is room for compromise; in the ultimate analysis there won't be room for anything else.

There are two chief reasons why the old gold standard won't come back in its previous form:

1. One is that it did to some extent overlook the human factors in national life.
2. The second was that the nations will not consent to play the games according to the old rules. So the rules will have to be changed.

Want National Control

The new rules that are suggested all emphasize some degree of national, as opposed to international, management of money and prices.

Whether or not this leaves any room at all for an international system is a matter of keen controversy. But in the meantime there is a good deal of experimental money management going on.

The United States is already doing it.

England is doing it and the other countries in the sterling bloc are really letting England arrange their currencies for them.

What International System?

The managed money people say that when different countries have set their own houses in order, then they can try to find a way to achieve some measure of international exchange stability. If they find some such a system without sacrificing their independent right of management of their own money, then they will adopt it. But it will never be the gold standard with rigid fixed parities. Gold may be adopted again. But if it is, the countries will each have the right to change to their gold parities when they see fit.

The question arises; isn't a gold standard that is subject to changing parities meaningless? Wouldn't people have just as much faith in monetary units based upon mere unsupported promises to pay—as the sterling now is? Some of the money managers say yes. And so a few of them say gold isn't necessary at all in the monetary system.

But there are two reasons why managed money with no metallic backing cannot be the final answer:

1. Managed money means management by the politicians, or by central banks dictated to by the politicians. And they cannot be trusted to do the right and necessary thing any more than could international private bankers.
2. Money management by each nation for itself—without complete international co-operation—will make international trading virtually just as difficult as it is today and will force a complete rebuilding of all national economies.

Somewhere between the old gold standard and the more radical notions on national money policies must be found a compromise. What will that compromise be?

Two subsequent articles in this series of three will seek the answer to this question.

Can. Packers Dividend Declared Year Ahead

Future Dividend Policy to be Determined Yearly After Profits Known

Dividend of $3 on each of the 200,000 common shares of Canada Packers Ltd. is assured for this year at least. The full $3 a share was declared earlier this year, so that provision has been made for all quarterly payments up to Jan. 1, 1936.

The amount of future dividends will be determined at the end of each fiscal year, which means some time in March, which is the last month of the company's year. Dividends will be declared for a year in advance, based on earnings for the past year. They will be paid quarterly. This explanation of dividend policy is given by president J. S. McLean in the annual statement for the year ended March 28, 1935. Mr. McLean points out that this year's dividend is the first received by many of the common shareholders in 14 years.

Bond Redemption

Redemption of $4,592,000 of bonds of subsidiaries, the entire amount outstanding, and purchase of $143,000 of preferred shares for redemption results in major balance sheet changes. Detail and earnings are shown on page 15. Of the Harris Abattoir and William Davies Co. bonds redeemed, Canada Packers had purchased $1,672,600 for $1,486,655. The resultant reserve of $185,944 was sufficient to meet all costs of the redemptions and to leave $80,249 to be added to the year's profits.

The report indicates that fixed assets of almost $19 millions are conservatively valued. The various appraisals were made in 1919, 1922 and 1927. The company has followed the conservative policy of carrying as a separate liability some $5.7 millions of surplus from these appraisals. The depreciation reserve of $7,580,537 is a further offset for fixed assets. Lastly, fixed assets not valued by appraisal are carried at "not exceeding cost," a sure sign that they are carried below cost.

Redemption of bonds and purchase of $143,000 of preferred stock for redemption had the effect of reducing working capital. The ultimate effect of these changes, of course, is beneficial to preferred and common shareholders. The higher current liabilities include $1,003,705 of bank loans, compared with $420,246 at March 29, 1934. The loans at Dec. 6, 1934, however, had been $1,514,123.

Sales in the 1934-35 year were $62,176,676 for 658,777,359 pounds of the company's diversified products. Net profit of $1.3 millions for the year was therefore equivalent to 2.1 per cent per dollar of sales and 1/5 cent per pound of product. Profit per pound in 1934-35 is about the same as for the eight years of the company's experience. Profit of 2.1 per cent on dollar volume, however, is above the 1.41 per cent averaged for the eight years.

The annual report brings out the fact that although livestock products comprise two-thirds of the company's volume they contribute only about one-third of the profit. Other net income arises from farm products such as butter, eggs, cheese, vegetables, canned goods, and from income on investments.

Corrects False Impression

Mr. McLean explains why the report of the Royal Commission on Price Spreads is wrong in stating that Canada Packers and Swift Canadian Co. "dominate" prices for Canadian livestock.

Says Mr. McLean:

"The facts are:—

"Only two-thirds of Canada Packers' business consists of products derived from livestock.

"For the year 1933 Canada Packers' killings in relation to killings in all government-inspected plants (as published by the Department of Agriculture) were 37 per cent;

"But almost half the animals marketed in Canada are killed on farms, in villages, and in small plants not under government inspection.

"In 1933 Canada Packers' percentage of the total livestock handled in Canada was 21 per cent;

"Swift Canadian Co's. percentage was 14 per cent;

"Total of these two companies 35 per cent.

"Even if they so desired, which they certainly do not, it would clearly be impossible for companies handling only one-third of the livestock to 'dominate' prices."

The virulence of the wrong explanation of the packing figures was exemplified less than two weeks ago. Hon. H. H. Stevens, although he has been corrected before and since, reiterated that Canada Packers handles 59 per cent of all the packing business in Canada. Mr. McLean's denial and explanation of this misinterpretation was published in The Financial Post last week.

MUNICIPAL FINANCES

Brandon, Man. council has been discussing whether it should request that a supervisor for its finances be appointed. A motion asking the opinion of the Manitoba Minister of Municipal Affairs was recently passed by council as follows: "Resolved that the Minister of Municipal Affairs be advised, in reply to his letter of the 19th inst., that this council is of opinion that the appointment of a supervisor under the provisions of division 41 of the Municipal Act, may be beneficial to the city of Brandon, and the ratepayers and creditors thereof, and he be asked to express his views on this suggestion."

In Manitoba, "supervision" entails confinement of the municipality's spending and budgeting to the amounts determined by the supervisor. It differs from provincial "administration" under which the council ceases to function. Reasons given for considering supervision are that committee chairmen cannot agree to reduce their estimates.

* * *

Sarnia relief costs have been declining as follows:

January	$14,305	April	$ 9,744
February	10,953	May	10,575
March	10,804	June	6,730

* * *

Orillia hydro-electric plant at Workmen's Falls, Gull River, Ont., has been completed at a cost of some $500,000. Capacity is 7,500 h.p. and another dam can be built. It is estimated that market value of all power properties when completed will be greater than the town's debt.

* * *

Sault Ste. Marie is paying the full cost of maintaining unemployed single men for whom the Ontario government recently withdrew relief grants.

* * *

London, Ont., deficit on the 1934 tax roll is estimated at $225,000. This is based on the 38.1832-mill levy. Adding relief and social costs, the total probable deficit is $590,262, according to H. B. Ashplant, city auditor. He commends the city for refraining from issuing relief debentures. Total deficit, including social costs, was $619,000 on the 1933 levy.

* * *

Toronto Hydro Electric System revenue for 1934 was $12,445,085, an increase of $519,227 over 1933, and the second highest on record. It was necessary to draw only $8,281 from the reserve for rate stabilization. In 1933, $491,705 was drawn from the reserve. Cost of power purchases was up $183,450, but expenses were cut $147,645.

* * *

Net debt changes for 64 major Canadian municipalities in 1934 show that 44 improved their position, 7 made little change, 13 lost ground, according to an analysis by Harrison & Co., Toronto investment firm. Basis of the calculation was to take net funded debt plus bank loans. Quote: "A municipality which can adjust its budget so as to reduce its debt burden, despite only a partial collection of its tax levy, has gone a long way toward countering the destructive financial hazards which have confronted it."

Ontario Savings Offices Deposits Over $25 Millions

Deposits in Province of Ontario Savings Offices are substantially above $25 millions, according to Chester Walters, controller of revenue for the province and administrator of the offices. He says there is an increase of $4 millions from the 1934 total of $21,449,526. A substantial portion of the increase is believed to be due to the recent increase in the rate of interest paid on deposits from 2 to 2½ per cent.

W. E. Cotton Named P. E. I. Superintendent

William E. Cotton, of Charlottetown has been appointed superintendent of insurance for P. E. I. to succeed H. R. Stewart who has been made assistant deputy secretary to the Governor-General at Ottawa.

Mr. Stewart has held office as insurance superintendent since 1932 and for a great many years has held office as deputy prov. sec.-treas., and clerk of the Executive Council.

United States
Fidelity & Guaranty
Company
TORONTO

Fire and Casualty News

JULY LOSS HEAVY IN HAIL BUSINESS ON PRAIRIE PLAINS

Premium Volume Said to be Almost Double That of 1934

A substantially higher volume of premiums is reported by leading insurance companies writing hail business in Canada this year.

One company group reports volume nearly double that of a year ago. Another group has more than doubled its volume and in fact reports the greatest volume since 1930.

In 1934 total volume written in Canada by Dominion licensed companies was virtually unchanged from the previous year at $494,000. Of this $393,000 was written by member companies of the Canadian Hail Underwriters Association.

Losses Pile Up

Although the season is less than half finished, loss prospects are deemed fairly heavy. Losses so far to date by stock companies are stated to be between 20 and 30 per cent. As the season runs until September 15, it is as yet anyone's guess as to what the final ratio will be. Last year's worst storm for one company group occurred on Aug. 17.

Hail insurance policies always terminate on September 15 whether the harvest is early or late. In view of the fact that this year's harvest is some ten days to two weeks late, grain may remain unharvested before the end of the insurance season.

Recent reports from the Municipal Hail Insurance Association at Saskatchewan showed 3,500 claims filed by E. G. Hingley, secretary and manager of the association. The majority of these were filed following the storm of July 18. Damage claims in that province are more than double those of last year at this time, according to Mr. Hingley, or roughly $3,000,000. Actual figures will not be known until the end of next month.

Last year's loss ratio experienced by licensed companies was 95.8 per cent compared with 47.8 per cent the previous year.

Alberta Volume Shipping

Bulk of the hail business in recent years has come from Saskatchewan. Alberta's share of total premiums written in the three provinces seems to be getting smaller. Reasons for this are said to be (1) local crop conditions; (2) high rates; (3) agents formerly active are not interested in selling present contracts at existing commission rates.

For some time commissions have been "pegged" at the equivalent of 15 per cent on a six per cent rate, that is, a $9 maximum for obtaining an application for $1,000 insurance, instead of a percentage of the premium regardless of the amount of liability or rate.

Reasons For Apathy

One company manager expressed the view to The Post that except for the introduction of deductible and minimum loss clauses, the hail policy of today is practically the same as was drawn up over 20 years ago when the business was in the experimental stage. It is, or is interpreted as, a "valued" policy and according to the informant, while opinions differ as to the most suitable contract and also as to the methods of writing business and adjusting losses, the underwriting losses produced by the methods which have prevailed have resulted in rates which, it is said, the Alberta farmers cannot and will not pay and a form of restricted contract which they will not accept.

F. T. GUNNING has been appointed manager of Richards, Melling & Co. insurance brokers, Montreal.

L. C. BONNYCASTLE, policy registrar of the Northern Life Assurance Co., has received his associateship in the Actuarial Society of America following the society's recent examinations.

Seek New Rates For Hold-up Ins.

The Canadian Casualty Underwriters Association has been approached by the Investment Dealers Association asking that a standard rate be set for hold-up insurance in place of the present sliding scale employed, The Financial Post understands.

Due largely to the fact that the limited business in Canada has prevented rates being based entirely on experience, there has long been dissatisfaction among purchasers of this type of coverage. Rates for hold-up insurance are now on a sliding scale whereby the annual premium alters in relation to the location of the offices of the assured.

Thus, a concern located on the third floor of a building pays more than one on the twentieth floor. Investment dealers want a standard rate set as far as is possible.

Canadian Manager

A. H. P. PRIDDEY

Appointed manager for Canada of London & Scottish Assurance Corp. and the Scottish Metropolitan Assurance Co. as at September 1. Other appointments include: W. H. R. Emmerson, secretary and actuary; D. E. Winter, supervisor, life department. S. A. Pearce remains supervisor of the Montreal life agency force.

The new appointments have been made, in part, to facilitate the increased life insurance business now being written by the former company.

CIGARETTE FIRE HELD LIABILITY BY U. S. COURT

Contentious Cause of Loss Usually Accepted in Canada

In view of the substantial increase in cigarette fires in Canada referred to elsewhere on this page, an important U.S. decision on this matter affecting the legal liability of fire insurance companies for this type of claim is of interest.

The U.S. case was decided by the Rhode Island Supreme Court last week and held two fire companies liable for cigarette scorches on a rug. Lower courts in Maryland and West Virginia have taken opposite views but according to the New York Journal of Commerce this is believed to be the first decision in a U.S. supreme court on this matter.

Claims Paid in Canada

Apparently, Canadian fire insurance companies have refrained from taking this matter into the courts and have continued to accept responsibility for this type of claim although in many cases the loss has been paid unwillingly.

The finding of the Rhode Island court is as follows:

"In the cases before us we have a burning cigarette on a rug causing damage to the rug by scorching or charring it. There is no claim that there was a second fire in the rug itself. The issue is simply whether the burning cigarette on the floor is an intentional fire in the place where it was intended to be. The origin of the fire is not in dispute but the locus of it is.

"It becomes necessary to rule as a matter of law whether a fire in a burning cigarette on the rug, not intentionally placed there by the insured, is a fire in place or a fire out of place. It seems to us that there can be only one reasonable answer to this question and it is this, that under the circumstances the burning cigarette on the rug was not a fire in a place where it was intended to be and that, therefore, it was then a hostile fire, and the damage caused by it to the rug is recoverable under the policies."

Ten-Year Feat Joseph O. Laird Unique Record

Life underwriters who know the ups and downs of sustained production—week after week, year after year—will appreciate the remarkable record of Joseph O. Laird,

supervisor of the ordinary branch Windsor office, London Life Insurance Co.

For ten consecutive years, Mr. Laird has never failed to write an application for $2,500 or more each week. His company terms it "one of the greatest feats of sustained production ever turned in by any life underwriter anywhere at any time."

Average yearly production by Mr. Laird over the 10-year period has been $227,000 indicating an average weekly total of $4,500. This in spite of the fact that since 1926 he has had the responsibility of directing one of the company's largest supervisorates.

Insurance Inklings

W. L. REDDEN appointed district representative of the National Life at Kingston.

J. O. BAILLARGEON has been appointed manager of the Place d'Armes life branch of the Prudential Assurance Co. of London.

Startling Gain Shown In "Cigarette" Fires

Thirty-seven Per Cent of All Fires of Known Cause Attributed to Smokers

A further startling gain in the number of "cigarette" fires in Canada is shown in detailed figures tabulated recently by J. Grove Smith, Dominion Fire Commissioner.

Returns show a new high peak for fires attributed to "smokers' carelessness" which are known in the trade as "cigarette" claims.

Near 13,000 Mark

In 1934 the number of these fires soared to a new all-time record of 12,844. The corresponding figure a year ago was 9,957. Property loss from this was almost $2.2 millions compared with $1.8 millions in 1933. Losses from this source are now the third largest known cause of fire, according to the official record.

Excluding fires for which the cause was unknown, the number of fires attributed to this cause represented 37 per cent of total fires reported in 1934. This means that of every hundred fires in Canada of which the cause was known, no less than 37 were attributed to smokers' carelessness.

Even if fires from unknown causes are included, smokers are responsible for 29 out of every 100 reported last year.

Average Loss Small

Turning to property loss, fires from this cause were responsible for 8.5 per cent of the total of just over $25 millions while when the loss from fires of unknown cause is subtracted, smokers are responsible for 14 per cent of the total.

The importance of these losses, from the insurance point of view, is indicated by the fact that the average amount of such fires amounted to only $168. The corresponding figure a year ago was $185.

Next important source of fires from the point of view of number is those caused by stoves, furnaces, boilers and pipes. This group also reported the highest loss of any single known cause.

Complete figures for 1934 as tabulated by the Dominion Fire Commissioner follow:

Origin of Fires in Canada, 1934

Causes Reported	Number of Fires	Property Loss $
Smokers' carelessness	12,844	2,153,093
Stoves, furnaces, boilers and pipes	5,367	3,283,267
Defective chimneys and flues	2,996	2,375,814
Electrical wiring and appliances	2,872	2,188,474
Hot ashes and coals	2,074	319,354
Sparks from chimneys on roofs	1,731	602,139
Portable lamps, lanterns and open lights	1,382	206,662
Exposure to adjacent building fires	1,056	989,684
Petroleum products and other volatiles	992	855,960
Lightning (buildings not rodded)	987	637,402
Hot grease, oil, wax, asphalt, etc.	456	97,485
Miscellaneous known causes	437	227,083
Incendiary	324	631,470
Children with matches	269	88,059
Sparks from open fires	255	86,597
Gas—natural and mfd.	231	99,403
Explosions (various)	210	136,619
Spontaneous ignition	176	217,338
Fireworks	105	32,416
Steam and hot water pipes	94	28,619
Friction	83	37,469
Hot or molten metal	11	6,621
Unknown causes	8,670	10,134,812
Total	43,622	25,437,840

Life Insurance News

Suggests Life Companies Purchase Common Stocks

Arthur P. Earle Recommends Purchases Up to 10 Per Cent of Assets Under Present Conditions

By ARTHUR P. EARLE
President and Managing Director, Montreal Life Insurance Co.

Problems confronting investment officials of life insurance companies are many and difficult.

The three prime factors governing life insurance investments are safety, yield and diversification. We have learned in recent years that a fair proportion of investments must possess liquidity.

A Mortgage Pitfall

Certain U.S. companies had an undue proportion of their funds invested in mortgage loans. When the demand for policy loans and surrenders continued beyond expectations, some of these companies had to borrow from the Reconstruction Finance Corporation, and when such borrowings were exhausted, an appeal was made to various state governments for relief.

Many of the states enacted legislation by which a moratorium was granted as to loans and surrenders of life insurance policies. This worked a hardship on many individual policyholders and injured the reputation of the companies involved and of the whole institution of life insurance.

The Next Depression

Sooner or later another depression will come along, with renewed demands for loans and surrenders and we must be prepared to meet the situation. Fortunately the Canadian life insurance companies were able to meet the tremendous demand of the past five years without resort to borrowings or moratoria.

If interest were omitted from our calculations, a man of 30 years of age would be required to pay $28.94 per thousand dollars of whole life insurance, instead of the present rate of $17.45. This shows what an important part is played by interest.

Must Earn 4½ Per Cent

Premium rates are calculated on the ability of the companies to earn 3½ per cent interest on investments throughout the entire duration of policies. Earnings of just 3½ per cent would provide no margin of safety and would preclude the payment of dividends on participating policies. Canadian life insurance companies should earn a minimum of 4½ per cent on their funds. Expenses of conducting a life insurance company are higher in Canada than in more thickly populated countries.

The yield on bonds of the highest grade is today less than 3 per cent. Owing to a back-log of investments at satisfactory yields, a life company could purchase high grade bonds for a year or two without any great sacrifice of yield, but if present conditions are maintained for four or five years or longer, then the picture changes.

Continued purchases of grade A bonds at present trends will bring down the average yield at an increasing rate. If that were done it would take years to build it up again. A greater danger to be considered is that the market value of high grade bonds may drop if business prosperity returns and there develops a demand for funds for construction, development and expansion.

Many Groups Unattractive

Bonds of many hydro-electric power companies have lost favor owing to the peculiar actions of Mr. Hepburn, et al.

Good industrial bonds are hard to find in Canada at the moment. Confidence in the grain companies was badly shaken owing to the gambling instincts of the management of some such companies. One could not justify today, investment by life insurance companies in bonds of the paper companies, though there are some exceptions.

There is little demand now for loans on real estate, owing to greatly curtailed building operations, nor does it appear likely that there will be any considerable increase in building permits in the near future.

There seems to be justification in turning to common stocks at the present time, as suitable for investment of life insurance funds. There are many eligible common stocks that may be purchased now to yield over 3½ per cent, with prospect of higher returns owing to increased dividends. There is never any increase of interest on bonds. The rate provided in the deed remains the same to maturity, i.e., if not defaulted. Defaults of municipalities and corporations have been numerous in Canada.

There may be advances in market values of stocks, while surely high grade bonds cannot advance to higher levels than exist at the moment.

Greater Liquidity

Common stocks are more liquid than bonds, and may be sold readily in case of emergency. The demand for mortgage loans may increase and to meet such demand common stocks could be liquidated.

While inflation does not affect life insurance companies to any great extent, it is generally regarded that inflation has a tendency to increase market values of common stocks and to decrease values of fixed income securities, such as bonds and mortgage loans.

The recent advance in the market prices of common stocks in New York was not caused by speculative buying. Two things are responsible: a return of confidence and the tremendous weight of idle money seeking profitable investment. Stock purchases do not lessen the volume of idle capital, because for each buyer there is a seller,

So long as new capital issues fail to appear, the amount of cash resources is not affected by common stock purchases. These cash resources will be available for industry to draw upon when necessary. Rising prices of stocks do not affect this situation. "A" buys stock from "B" for $2,000. "A" thus invests $2,000 of his cash but "B" gets it. "A" later sells to "C" for $2,500. "A" then has $2,500 of cash and "C" that much less. The total cash resources remain the same through these transactions.

Ten Per Cent Advised

The force of money seeking investment seems likely to drive common stocks to higher levels. There will be temporary recessions but the trend may be upward for some time to come. Increased earnings for the first and second quarters of 1935, as well as declaration of higher dividends or bonuses, are a factor in the present movement. There is nothing to indicate that cash is preferable to stocks, the only basis for a substantial liquidating movement.

The legal restrictions governing common stock purchases by life insurance companies in Canada are such as to confine such purchases to stock of the blue chip variety. It is advanced, therefore, that investment in common stocks up to, say 10 per cent of assets, is justifiable under present conditions and perhaps desirable.

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Municipal Bankers Corp.

I would like any current information you may be able to supply on Municipal Bankers Corp., Toronto, particularly in connection with the income bonds.

The present situation of Municipal Bankers Corp. can hardly be called favorable. There are $2,108,000 of the income bonds outstanding. The company's assets consist very largely of second mortgages on improved property in Toronto. The book value of assets is nominally about the same as it was four years ago, in excess of liabilities. Actually, however, the assets are worth considerably less than book values.

Payment of 2 per cent was made on the income bonds in March, 1934, but the September, 1934, and the March, 1935, payments were not made. We understand that there is practically no probability that any payment will be made this September. The company's earnings mostly go to meet taxes, first mortgage interest and repairs on property. Any earnings above such payments have been applied to setting up depreciation and other reserves. A balance sheet is not available, but it is understood that this building up of reserves is absolutely essential.

The main aim of the company is to hang on to its assets in the hope that something will be realized for the bondholders in a few years.

Hydro Contracts

Can you give me authentic information on how Ontario will deal with the Hydro contracts for power purchases from Quebec companies? If not, perhaps you might outline the prospects of the situation as you see them.

Possibly not even Premier Hepburn himself knows precisely what he is going to propose to do in respect of the Ontario Hydro power purchases from Quebec companies. Apparently, Mr. Hepburn is waiting until the Quebec provincial election is out of the way before going into the matter. A few weeks ago Mr. Hepburn advised us that he intended to confer with Premier Taschereau of Quebec prior to taking action. After consulting Mr. Taschereau, he planned to consult bondholders' representatives. Although the Quebec election date has been chosen, it has not been divulged. It appears that the contract question may not be settled for months.

Guesses as to what will happen are, of course, numerous. It is generally felt that Mr. Hepburn will have to take some action. The most generally accepted guess is that some deferment of the power deliveries may be requested of the companies. If this were arranged, it would be possible for it to be done without prejudicing payment of the interest on bonds of the Quebec companies.

Bond Prices

What would happen to the price of long-term provincial and Dominion bonds if interest rates in Canada are reduced arbitrarily as they were in Australia?

It would, of course, not be a pleasant thing for the investor to have to contemplate a forcible reduction of interest rates on long term Dominion and provincial bonds in Canada, such as occurred in Australia.

It should be remembered, however, that long before the interest rate reductions were made in Australia government bonds had depreciated materially. The effect of reducing the interest rates, in that it allowed the country to balance the budget, was to improve the market value of the bonds in Australia and abroad. We are not yet in the condition that Australia was in, and it seems to be unlikely that a similar conversion loan will be thrust upon Canadian bondholders. In Canada, our conversion of debt has been gradual over a period of years, and a good deal of the operation has already been completed.

There has as yet been no indication that a forcible internal debt conversion is to take place here, and it is impossible to foresee whether one might be undertaken by a new government. Since, in contrast with the pre-conversion Australian conditions, our government bonds are selling at high levels, it might not be unreasonable to expect them to decline in price very materially if an attempt at a forcible internal conversion were to be made.

Imperial Oil

If I sold my Imperial Oil shares now I would realize a fair profit. Would you advise me to hold for higher prices, say $25 a share?

If at this time you hope that Imperial Oil common stock will at some time be worth $25 a share, you should do so on the basis of the possibilities for Imperial Oil at some time earning from $2 to $2.50 a share.

At the present time it is difficult to say whether or not Imperial Oil can lift earnings to that point within the next decade. For the four years up to 1934 the company showed diminishing earnings as applied to the common stock. At one time it was earning about $1 a share and in 1933 it earned little more than the dividend of 50c. a share. In addition to that, it may be said that two thirds at least of its dividends will be earned outside Canada.

In 1934 the company paid bonuses which brought the payment up to about 92c. a share. This was earned in the sense that it included dividends from its great subsidiary, International Petroleum which also paid huge bonuses. The matter goes back to whether or not those bonuses were earned by International Petroleum in the period.

It is hoped that International Petroleum will for the first time make public its financial statement in 1935. If it does so, people will be able to judge better as to what part of the dividends have been earned in the years when they were paid. It is believed, so far as one can judge from the published information as to output, that the bonus dividends of the last few years have been from accumulated profits of former years. It is impossible to say how much more of this accumulated profit still remains. You must realize that the last three or four years have been unexpectedly hard for the large oil companies. Before that time they had had a wonderful experience in increasing profits. In future, it is scarcely likely that they will go ahead to the same extent. It is a very necessary industry and the use of the products is increasing but competition is very keen and the use is not likely to increase by the same percentage as in the 10 years before 1930.

Canadian Celanese

We are thinking of investing a few thousand dollars in Canadian Celanese Ltd. which has been highly recommended to us. We would thank you if you would give us your opinion whether to buy preferred stock, which of course pays a dividend, or common stock which at the present time pays no dividend. What are the prospects for this company? Is it one of the companies which enjoys at the present time such high tariff protection that that is the reason for its prosperity, or would the company be able to stand up even if the tariff was lowered?

Canadian Celanese Limited was incorporated under Dominion laws on January 26, 1926. It owns the sole rights for Canada to Dreyfus patents and processes for the manufacture of cellulose acetate, artificial silks, non-inflammable celluloids, non-inflammable photographic films, artificial wools, etc. The principal celanese products consist of yarns for the various fabrics such as voiles, satins, moires, chiffons. The company also manufactures hosiery and underwear.

Its plant is at Drummondville, Quebec, where there is a floor space of more than 600,000 square feet. The company has a very strong working capital position, has no funded debt and owes nothing to the banks. Its statements show increasing earnings from 1928 on and dividends on preferred stock have been more than earned. Earnings on common have run up from 72c. a share in 1930 to $3.49 a share in 1934, if no account is taken of arrears in preferred dividends.

The preferred stock is a 7 per cent cumulative stock and participates to the extent of 10 per cent of the profits of the company available for distribution in any year after payment of interest on income funding rights. These shares were sold February 20, 1926, and the initial dividend of 3½ per cent was declared payable December 31, 1930. Semi-annual payments of 3½ per cent were continued until quarterly payments were instituted on September 30, 1931. Regular quarterly payments have been made since. Extra dividends on account of arrears were paid as follows: 1 per cent, December 31, 1932; 1 per cent, June 30, 1933; 1½ per cent December 30, 1933.

At the end of 1934 90,000 income funding rights of no par value were issued to provide for the cancellation of arrears in preferred dividends prior to October 1, 1934. One right for each preferred share was given. The rights are entitled to non-cumulative interest at the rate of $1 per annum out of profit before preferred dividends. Rights are redeemable at $25 each by call or in the open market. Provision is made to set aside a sinking fund for redemption of rights. Before common dividends can be declared, the company has to set aside, out of net profit, $367,200 to be used for interest payments on the rights for three years in case net profits are not sufficient to pay such interest.

The surplus in 1933 after preferred dividends was $405,864 and in 1934, $672,208. If this continues, the company should have no difficulty in taking care of the income rights. The preferred dividend for the last four or five years has been well protected.

The company has tariff protection. It began operations by selling imported celanese fabrics and knitted goods from the English and United States associated companies. It began to make the fabrics from imported yarn in 1927 and early in 1928 itself began to make yarn. After the new tariff regulations of 1930 the company's business doubled. Demand continues strong and expansion has kept up. In the near future additions to Drummondville plant will be ready for operation. If the tariff were lowered it is probable that the company would either continue on its own base or proceed on imported yarns or even imported fabrics as in the first place. That would mean less employment and will be the major deterrent to any government disposing of duties.

Fanny Farmer or Laura Secord

"How is Fanny Farmer's financial standing and how do you think it compares with Laura Secord as an investment?

"Any further information in regard to either of these will be very much appreciated."

Both the Laura Secord Candy Shops Limited and Fanny Farmer Candy Shops, Inc., are very similar in financial set-up. In both cases there is no preferred stock and no funded debt, Fanny Farmer having an authorized issue of 400,000 par value $1 common shares of which 390,512 are outstanding and Laura Secord having an authorized and outstanding issue of 57,500 no par value common. The management is practically the same in regard to both companies, and most of the directors are the same. However, there is no corporate connection between the two companies, one operating in Eastern Canada and one in the Eastern States. Fanny Farmer, of course, is an American company having been incorporated in New York in 1919. Laura Secord while only incorporated in 1926 commenced undertakings as a private company in Toronto in 1913.

For the fiscal year ending September 31, 1934, Laura Secord earned $3.77 a share as compared with $3.79 in 1933. Recent official reports from the company covering the first nine months of the current year indicate that sales and profits are running a shade lighter than in 1934. For the last five years, dividends of $3 per share have been amply covered. At the present price of the stock, slightly over $60 per share, it gives a yield of five per cent.

Due to a stock split of four for one in Fanny Farmer's shares last September, it is more difficult to make a comparison of the earnings of this company. Based on the net profit of new shares outstanding at the end of the company's fiscal year, which corresponds with the calendar year, however, this stock earned $1.06 last year as compared with $1.77 in 1933 and in both cases, dividends paid were $1 per share per annum. In the current year the company announces that recent improvement has been more than maintained with a net profit of approximately $160,000 for the first six months as compared with $122,000 a year ago. Fanny Farmer stock is currently quoted at slightly over $9 per share so that the present dividend rate, if maintained, would equal a yield of over 11 per cent.

Working capital position of Laura Secord is very strong with current assets exceeding current liabilities by over $1.7 million. Of the total current assets, $1.6 million at the end of the last fiscal year was in cash or government and municipal bonds. Last year while net earnings equalled approximately $250,000, interest income from investment added almost $71,000 more.

At December 31, 1934, current assets of Fanny Farmer exceeded current liabilities by approximately $790,000 and of total current assets of approximately $927,000 some $625,000 was made up of cash and government and municipal securities.

Under general consideration, the investor when making a decision between these two companies, should bear in mind the fact that one is operating in Canada, while one is operating in United States. The Canadian investor would probably be more familiar with changes and trends which might affect the profits of Laura Secord, whereas the American investor would probably be more familiar with such things that might affect earnings of companies located in the United States.

Can. Investment Fund

I should be obliged for your views on Canadian Investment Fund special shares as an investment. What is your opinion of the management? What are earnings and dividends? What possibilities are there in the shares for appreciation in value?

Canadian Investment Fund is a young but fast-growing management trust under the direction of Calvin Bullock, New York. Mr. Bullock is president, and he and his firm are primarily responsible for the management of the trust. There is, however, a Canadian board of directors of high quality. The chairman of the board is Sir Robert Borden, president of Barclays Bank (Canada). He and C. C. Ballantyne, prominent Montreal industrialist, signed the last balance sheet for the year ended Dec. 31, 1934.

Net income of the trust for 1934 was $65,225. At the end of the year, the trust had 745,933 shares special and ordinary outstanding. All but 1,000 are special shares, which rank equally with ordinary shares, except that special shares elect all directors and are entitled to redemption on request. Most of the growth in capital took place during 1934 and 1933. Hence, it is difficult to determine earnings per share. They would have to be based on the average assets and the average capital over a period when the trust was growing. It can be said, however, that dividends of 13 cents a share in 1933 and 14½ cents in 1934, were covered by a small margin. The present annual rate of dividend is 14 cents a share.

Recent approximate market quotations for the shares indicate a bid price of about $3.40 and an offering price of about $3.70 a share. Thus, at the present dividend rate, the yield available, depending on the price paid for the shares, varies between 3¾ and 4¼ per cent. As to market appreciation, it all depends upon what happens to the average holdings of the trust. These holdings have been selected carefully in a depression period. High quality industrial and government bonds make a comparatively small portion of the portfolio. Preferred shares are slightly more prominent. Common shares form the bulk of the portfolio which was carried at $2,067,014 at Dec. 31, 1934. Market value of holdings was $2,219,155. Common share holdings are concentrated in some 30 of the foremost Canadian corporations, large investments being held in Loblaw Groceterias, National Breweries, Imperial Oil, Page-Hersey Tubes, Steel Co. of Canada, British American Oil, Imperial Tobacco, and so on. The prospects for appreciation in the market value of the Canadian Investment Fund shares depends largely on business recovery in Canada, of which these leading firms would get their respective shares. It is also important, of course, that C.I.F. should continue to invest profitably while it is still growing. If, for instance, bad investments were made with new money, this would tend to dilute the values behind shares of C.I.F. already outstanding. So far, however, C.I.F. has stuck to buying what are considered leading equity investments in Canada.

Bolivian Power

It is some time since I have heard any news of the financial position of Bolivian Power Co. and wonder whether you can enlighten me. Is interest on the eight per cent first mortgage bonds secure?

Bolivian Power Co. has not issued a financial statement for several years, so that we are unable to tell you the exact position of the company. It is controlled by International Power Co., which has improved its earnings considerably in the last two years. The market price of about 80 for Bolivian Power bonds indicates that the interest is moderately secure. Now that the Bolivian war with Paraguay has ceased, the position of Bolivian Power Co. and of your bonds may improve.

Hiram Walker Stocks

I hold both Hiram Walker-Gooderham & Worts preferred and common shares. In England I am not closely in touch. Are prospects good for this company?

Hiram Walker-Gooderham & Worts still depends in great measure for its future success on its venture in the United States. It has built the world's most modern and largest distillery at Peoria, Illinois, but recently had a reverse in a fire which destroyed its number three rack warehouse and occasioned damage of about $2.5 millions.

As there is some doubt whether the collapse of the building preceded or succeeded the fire, the question of insurance has not yet been decided. It will not prevent the company making the most of its opportunities in the United States as the whole 4 million gallons in that warehouse can be reproduced in from two to three months. It happened to be the youngest whisky that was stored and it has just completed another rack warehouse so that its actual business should continue. Nevertheless, it was a regrettable loss.

The preferred dividends are being earned many times over at present. No common dividend is being paid though $4 a share was earned last year and more is expected this year if there is no fire loss for which to provide. All available funds are turned at present to strengthening the company's financial and marketing position in the United States.

Mining Enquiries

Chibougamau Prospectors

For several years I have been holding 50 shares of Chibougamau Prospectors' stock. Having lost track of the headquarters of this concern I would appreciate any information concerning their whereabouts. I have heard rumors that they have consolidated with another concern.

Assets of Chibougamau Prospectors Ltd., were acquired early last year by Consolidated Chibougamau Gold Fields Ltd. for 600,000 shares in the latter company. These shares are pooled until March 24, 1936. At the expiration of the pool, these shares will be distributed on the basis of one share in Consolidated Chibougamau Goldfields for each five shares in Chibougamau Prospectors.

In addition, this company owns 60,000 shares of Northern Chibougamau Mines. It is expected that the distribution of this equity to shareholders will take place some time after March, 1936, by which time it is hoped to have the affairs of the company wound up.

Chief interest in Consolidated Chibougamau at the present time centres about the fact that Consolidated Mining & Smelting Co. one of Canada's largest mining and metallurgical enterprises, is developing the company's property under an option agreement. While little information is available as to the result of the work at the property, it is significant that Consolidated Smelters are continuing work in an aggressive manner. The situation seems to be that it will be necessary to prove up vast ore bodies in order to offset the low grade nature of the ore. At the present time, this venture can only be looked on as a prospect, but one which is getting a fair and businesslike test.

The company's head office is at 702 Insurance Exchange Bldg., 276 St. James St. W., Montreal. The registrars and transfer agents are the Prudential Trust Co., Toronto and Montreal.

Stadacona Rouyn

The writer would be interested in obtaining your opinion of the possibilities of Stadacona Rouyn Gold Mines. Any information you can give me regarding same will be appreciated.

Results of development at Stadacona Rouyn have been encouraging and prospects for substantial production activities appear bright. While the company is backed by responsible men its record has been marred somewhat by a series of capital reorganizations which have been necessitated by lack of funds. This spring shareholders voted to increase the capital of the company from 3,500,000 to 5,500,000 shares. This increase was necessary in order to raise finances for the construction of a 200-ton mill. Montreal interests have since undertaken to provide finances to extent of $700,000. It is not expected that this amount will be necessary to bring the property into production.

The balance sheet of the company, as at May 10, 1935, shows cash on hand of $61,190. Accounts payable are shown at $5,478, with loans payable amounting to $36,645.

The company has a very large tonnage of indicated ore. According to the latest official report a valuation of between $7,000,000 and $10,000,000 is placed upon estimated ore.

Officials state that the ore runs at least to the 1,000-ft. horizon with other showings indicated by drilling at the 1,400-ft. horizon. In the absence of an estimate of positive or blocked out ore an estimate of indicated ore is not satisfactory from the investors' standpoint.

Nicola Mines & Metals

In your last issue you published an article about the reopening of Nicola Mines and Metals. I would appreciate very much your opinion of this stock and its future possibilities.

As a reader of The Financial Post, you are probably aware of the legal dispute which led to suspension of operations by Nicola Mines early in January. In February of this year, shareholders were notified of an offering of subscription rights to 200,000 shares at 15 cents per share. The funds thus raised were to be used in the resumption of development work at the property. As announced in The Financial Post a few weeks ago this work is to be undertaken in the near future.

No doubt you realize that the future of Nicola Mines is largely dependent upon the success of this development programme. While production activities prior to the shutdown were almost carrying themselves, profitable operations in the future will depend upon the development of ore at depth. In view, however, of the small degree of success which has attended this company's efforts, together with disruptive forces which appear to prevent any co-operation between shareholders and management, we do not consider the outlook of this property at the present time particularly bright. The affairs of the company are currently being investigated by the Attorney-General's Department of British Columbia under the Security Frauds Prevention Act. Until the outcome of this investigation is known it is unlikely that the company will be able to make arrangements for additional financing.

Bowman-Matheson

I am very much interested in finding out something about the Bowman-Matheson Mines. Could you give me a complete report on the company and its findings so far?

We presume that you refer to Bowman-Matheson Gold Syndicate which is developing a property comprising 240 acres in what is known as the Hislop-Beatty-Munro area. Development was commenced in August, 1934, and to date has been confined to surface work such as trenching and drilling. Development was suspended during the winter months and resumed this spring. If results continue favorably, a diamond drilling programme will be carried out. Results to date are too inconclusive to determine the merits of the property. In addition to its property in Bowman Township, where a vein has been traced for a distance of 1,300 feet, the company has an option on the Smith Farm in the southwest corner of Hislop Township.

As we make no attempt to keep detailed information on syndicates it is impossible for us to give you a complete report on the Bowman-Matheson operations. We have no information as to the company's financial position.

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Rackets

Extra Milk

MILK drivers and delivery men for large departmental stores get into considerable trouble and often are out of pocket as well through the operations of petty racketeers. Several cases have been reported this summer of sharpers literally living on the fat of the land at no expense to themselves.

These people make a practice of leaving notes late at night in other people's milk boxes requesting extra delivery of milk, cream, butter or other of the many commodities now handled by dairy companies. The extra goods are picked up before the family rises in the morning. If the milkman does not keep the note, then he is out the cost of the extra goods supplied, but if he does, then there is trouble with the customers, who of course, have no knowledge of the transactions. By changing his house frequently, the thief is able to get away with a considerable quantity of dairy products, banking on the fact, of course, that the average milk driver does not see his customers except at the end of the week.

The routine in this respect is soon learned by the thief and by changing his victim frequently, he is able to carry on his trade for a considerable time.

With the delivery man from the department stores another very simple procedure is followed. The racketeer goes through the store and orders what goods he wants. These are paid for and the clerk is told that he wants them delivered to a certain address. He explains that his family is away and the goods should be left on the back verandah or possibly the milk box. The driver innocently does this, and a few days later, he is told that the goods never arrived. Very often, provided the practice is not repeated, a second lot of goods is ordered and the thief thus gets two orders for the same money.

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Annapolis Cold Storage Expands

Cold storage for Annapolis Valley apples will be increased to a total of more than 100,000 barrels for the 1935 crop, reports from Ottawa to Kentville state. At present there are four plants with a combined capacity of around 40,000 barrels. The first of the new plants is being set up in Kentville at a cost of $12,000 with storage for 12,000 barrels.

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Assets over $14,000,000
3% PAID ON DEPOSITS 3½% ON DEBENTURES
Archibald McPherson, *President.* T. H. Main, *Manager.*

THE SMOKE · OF THE BRITISH EMPIRE

Judy Kelly is the strikingly beautiful auburn-brunette from Australia whose fine work before the camera has quickly won for her a large measure of fame.

Said to have the largest and most lustrous eyes in the film-world . . . and to know how to use them! . . . Miss Kelly is young, naive, impulsive and electric. She plays her parts with a natural enthusiasm that delights both producers and audiences, and has even ventured into management on her own.

Here you see her enjoying a Gold Flake Cigarette during a moment of relaxation on the "set". W.D. & H.O. Wills' Gold Flakes became her favourite cigarette in her native Australia, where their traditional English quality has made Gold Flakes as popular as they are in Canada.

During the coming season, Gaumont-British Pictures Corporation promises Canadian audiences the greatest series of all-star pictures ever to come from this famous studio. Watch for and be sure to see such pictures as "BORN FOR GLORY," "THE THIRTY-NINE STEPS," "THE CLAIRVOYANT," "THE PASSING OF THE THIRD FLOOR BACK," and many others.

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A shilling in London —a quarter here

W. D. & H. O. WILLS'
GOLD FLAKE
CORK TIP OR PLAIN
CIGARETTES
Pocket tin of fifty—55 cents

ETHYL GASOLINE

Seven years after Charles F. Kettering found that "knock" was a fault of fuel rather than the engine, the General Motors Research Laboratories discovered that tetraethyl lead prevented gasoline from knocking.

The first shipment of Ethyl fluid—a one litre can—was made in 1923. Today Ethyl Gasoline is marketed by 99 leading oil companies and is bought by more car owners than any other single brand of motor fuel on this continent.

Advertising of this company appears in

Maclean's
Canada's National Magazine

GATINEAU POWER TO PAY DIVIDENDS QUARTERLY BASIS

Semi-annual Payment Policy Changed by Letters Patent

From Our Own Correspondent

MONTREAL. — Gatineau Power Co. has taken out Provincial letters patent allowing the company to pay dividends on its 6 per cent preferred stock quarterly instead of semi-annually.

Dividends will be paid on the last day of March, June, September and December, except when the day falls on Sunday, when payment will be made the preceding day.

Gatineau Power has outstanding $25 millions of 6 per cent cumulative preferred stock, with a par value of $100 each share. All of the stock is held by Canadian Hydro-Electric Corp.

Cutting Down Arrears

Gatineau Power paid no dividends on the stock prior to 1930. It paid preferred dividends of $1 million in 1930; $2 millions in 1931, and $1,500,000 in 1932; and $2,125,000 in 1933. The regular 6 per cent dividend requires $1.5 million annually and at the end of 1933 the company was in arrears to the extent of 18½ per cent of $4.65 millions.

Last year the company paid the regular dividend, plus arrears of 4 per cent, making a total disbursement of $2.5 millions. This reduced the arrears of dividend on the preferred stock to 14½ per cent, or $3.65 millions.

New Manager

J. H. WALLIS

Who has been appointed manager of Dominion Engineering Co. Mr. Wallis will retain his position as general manager of Dominion Hoist and Shovel Co.

COURT DISMISSES MOIRS' LAWSUIT

Judge Says Use of Proxies in Interest of Shareholders

From Our Own Correspondent

MONTREAL. — The motion of a group of preferred shareholders and bondholders of Moirs Ltd. for an interlocutory order restraining President J. C. MacKeen and certain directors from acting, has been dismissed by the Supreme Court of Nova Scotia.

The plaintiffs, George E. M. Lewis, of Truro, and others, claimed that directors were elected irregularly at the annual meeting of the company last March.

The directors were elected when Frank Lewis, then president, declined a nomination for re-election to the board after the meeting refused to approve his report.

Shareholders' Interest

Referring to this phase of the case in his judgment, Mr. Justice Carroll, of the Supreme Court, said:

"Having all the circumstances in mind, I think this was a meeting of the preferred shareholders as such, that they were in control of the meeting, that no other votes but those of the preferred shareholders were voted, and there is nothing before me from which I may say whether from inference or otherwise that the votes given by MacKeen and Turnbull were not given in the interests of the class of shareholders holding the meeting or against the interests of the company."

The defendants included President MacKeen, general manager; W. B. Proctor, J. Fred Fraser, D. R. Turnbull, Cyril W. Stairs and the Royal Securities Corp.

Consumers' Gas Improves Sales In 1935 to Date

Consumers Gas Co. is entering the eleventh month of its fiscal year with results from its business slightly better than for the same period of the preceding year. Appliance sales are still increasing as compared with a similar period last year.

Considerable interest is evinced locally in the better earnings shown for the quarter ended June 30, 1935, by Consolidated Gas Co. of New York City because over a long period increases in activity of this principal company in the gas business in New York and of Consumers Gas Co. in Toronto have paralleled each other. But under the new deal taxes and expenses have been higher for the New York company and its earnings have been dropping for two years until the second quarter of 1935

The authorities are now forcing a reduction of rates on the ground that this will increase consumption and the company will do just as well. The Consolidated Gas Company strenuously objects to this theory, claiming that it would have made lower rates effective long ago if there were anything in the idea.

Consumers Gas Co. has not increased its rates in Toronto during the depression even though it had reduced them several times in preceding years. It has the right to raise rates under its charter when revenues drop below the $10 a share allowed in dividends but it also does not want to discourage consumption. As industrial activity and employment grow the expectation is for better revenue.

Million in Fishing Tackle

Equipment in use in the fishing industry in Prince Edward Island last year represented nearly $1,098,000 in capital. The total was some $3,900 greater than in 1933.

Paraffin Wax

Paraffin wax importations in June totalled 666,943 pounds valued at $27,855. The largest quantity, 492,800 pounds, came from British India.

Montreal Stock Sales Record Decline in July

From Our Own Correspondent

MONTREAL.—Transactions on the Montreal Stock Exchange and Montreal Curb Market totalled 1.4 million shares in July as against 1.7 million shares in June, a decrease of 300,000 shares. For July last year the volume of trading amounted to 1.7 million shares.

Sales of industrial issues last month totalled 382,712 shares, as against 386,737 shares the same month a year ago. The turnover in mining stocks amounted to slightly better than one million shares, which compares with 1.3 million shares in July, 1934.

Hear British Behind B. C. Rayon Mill Plan

From Our Own Correspondent

VANCOUVER. — It is reported that important British interests are considering the prospects of a rayon mill either on Vancouver Island or the B. C. mainland. This was considered some years ago, but within the last few weeks it is understood that the matter has been revived. During the coming year several other projects are expected to be brought out of storage.

Imports of Gasoline

Imports of gasoline from the United States in June amounted to [illegible]26,129 gallons valued at $499,832, average price of about 6½ cents a gallon. There were 4,512 gallons [illegible]827 from Alaska.

Dividends Declared

	This payment	Date payable	Date of record
Agnew Surpass, c.	20c	Sept. 2	Aug. 15
Do., bonus	20c	Sept. 2	Aug. 15
Do., pref.	$1.75	Oct. 1	Sept. 15
Anglo Can. Tel. pf.	87½c	Aug. 15	July 15
Do., com. A	12½c	Sept. 3	Aug. 15
Do., com. B	10c	Sept. 4	Aug. 15
Bk. of Montreal	$2	Sept. 3	July 31
Bk. Can. Nat.	$2	Sept. 1	Aug. 15
Beld. Cort. pfd	$1.75	Sept. 14	Aug. 31
Bank of Toronto	$2.50	Sept. 3	Aug. 15
Buffalo Ankerite	5c	Aug. 15	Aug. 1
Can. Converters	50c	Aug. 15	July 31
Can. Bk. of Com.	$2	Sept. 1	July 31
Canadian Oil, c.	12½c	Aug. 15	Aug. 1
Champlain Oil, pf.	15c	Aug. 15	July 31
Can. Hy.-El., 1st pf.	$1.50	Sep. 2	Aug. 1
Cosmos Imp., c.	17½c	Aug. 15	July 31
Do., pref.	$1.75	Aug. 15	July 31
Dom. Bridge	30c	Aug. 15	July 31
Dom. Coal, pfd	†$1.75	Aug. 10	July 31
Gurd, Chas., pfd.	$1.75	Aug. 15	Aug. 1
Hollinger Mines	5c	Aug. 12	July 26
Hudson Bay Mine	†50c	Aug. 21	Aug. 9
Int. Nickel, c.	20c	Sept. 30	Aug. 31
Kelvinator, pfd.	$1.75	Aug. 15	Aug. 5
Langley's, pfd.	‡$1.75	Aug. 15	July 31
Loblaw A & B	25c	Sept. 3	Aug. 14
Laura Secord	75c	Aug. 31	Aug. 15
McColl-Fron., c.	20c	Sept. 14	Aug. 15
McIntyre Porc.	50c	Sept. 2	Aug. 1
McLennan, McFeeley & Prior, A	10c	Sept. 30	Sept. 23
Do., B	10c	Sept. 30	Sept. 23
Nat. Biscuit pf.	$1.75	Aug. 31	Aug. 15
Nat. Biscuit, c.	40c	Oct. 15	Sept. 13
Nova S. L. & P., pf.	$1.50	Sept. 3	Aug. 15
Ont. Steel Prod., pf.	$1	Aug. 15	July 31
Penmans	75c	Aug. 15	Aug. 5
Pressed Metals	12½c	Oct. 1	Sept. 16
Quebec Power	25c	Aug. 15	July 25
Reno Gold	3c	Oct. 1	Sept. 30
Rolland Paper, p.	$1.50	Sept. 2	Aug. 15
Royal Bank	$2	Sept. 3	July 31
Shawinigan	13c	Aug. 15	July 24
So. Can. Pwr. c.	20c	Aug. 15	July 31
Toburn Gold	2c	Aug. 21	July 29

‡Initial.
†For quarter ended Nov. 15, 1933.

WEEK'S CANADIAN STOCK AND BOND QUOTATIONS

Montreal, Toronto and Curb Markets

WEEK ENDING AUGUST 5

Range 1935 High	Range 1935 Low	Divd. Rate $	Yield in %		Sales	Close July 29 (or Aug. 5 last)	Week Ending High	Low	Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Toronto, Montreal and Curb Markets (Cont'd)

Range 1935 High	Range 1935 Low	Divd. Rate $	Yield in %		Sales	Close July 29 (or Aug. 5 last)	Week Ending High	Low	Close
				W					
27	16	..	...	Wabasso Cot.	250	20	20½	20	20
33	23	..	...	Walker-Good.	7841	27½	28½	26½	27
18½	16½	1	5.8	Walker-Good. p.	2143	17½	17½	17½	17½
4.25	2.87	..	...	Walkerville Br.	665	3.00	3.00	2.87	2.87
2½	1	..	...	Waterloo Mfg.	....	1	..	..	..
6	2½	..	...	West. C. Flour.	....	3	..	..	..
52	20	..	...	Do. pref.	....	26½	..	..	..
36	32	50c	...	West. Grocers	....	36	..	..	..
100	95	7	7.1	Do. pref.	....	99	..	..	..
120	120	7	5.8	W. Koot. Pr. pf.	....	120	..	..	..
46½	27	1	3.2	Weston Ltd.	614	31½	31½	31	31
113	108	7	6.4	Do. pref.	11	111	110½	110½	110½
6	1½	..	...	Whittall Can.	25	5½	5	5	5
85	75	6.50	7.6	Do. pref.	30	83½	85	84½	85
3	2	..	...	Windsor Hotel	....	2	..	..	..
8	6	..	...	Do. pref.	5	7	7	7	7
2.25	.90	..	...	Winnipeg Elec.	80	1.25	1.50	1.25	1.25
10	4	..	...	Do. pref.	....	8	..	..	..
30	30	..	...	Wood, A.&J. p.	....	30	..	..	..
70	55	..	...	Woods Mfg. pf.	15	55	60	55	60
				Z					
5½	2½	..	...	Zimmerknit, c.	160	4	2½	2½	2½
85	63½	7	11	Do. pref.	6	65	63½	63½	63½

‡ Quotations for 1934. No sales recorded in 1935 to date.
§ Quotations for 1933.
¶ Quotations for 1931.
b New York Quotations.
a On account of arrears.

Dominion and Provincial Bonds

August 6, 1935

(Furnished by Toronto Bond Traders' Association)

Dominion of Canada Bonds

		Due	Bid Aug. 6	Asked Aug. 6	Approx. Yield	Bid July 31
Dominion	3½	15 Oct. 1935	100.00	100.60	.27	100.30
Dominion	4	15 Oct. 1935	100.40	100.70	.24	100.40
Dominion	2	15 Oct. 1936	100.35	100.75	1.36	100.25
Dominion	5	15 Nov. 1936	104.25	104.60	1.34	104.15
†‡Dominion	5	1 Mar. 1937	106.10	106.45	.45	106.15
‡Dominion	5½	1 Dec. 1937	109.60	109.90	1.14	109.60
Dominion	2½	15 Oct. 1939	101.35	101.85	2.04	101.25
Dominion	4	15 Oct. 1939	107.50	108.00	2.00	107.50
Dominion	4½	1 Sept. 1940	110.15	110.65	2.28	110.15
Dominion	5	15 Nov. 1941	112.15	112.65	2.80	112.15
Dominion	3	15 Oct. 1942	103.00	103.50	2.46	102.85
Dominion	2½	1 June 1943	99.75	100.25	2.46	99.85
Dominion	5	15 Oct. 1943	113.25	113.75	3.09	113.15
Dominion	4½	15 Oct. 1944	110.25	110.75	3.15	110.25
Dominion	4	15 Oct. '43-45	106.35	106.85	3.05▲	106.25
Dominion	4½	1 Feb. 1946	110.25	110.75	3.28	110.25
Dominion	3½	15 Oct. '44-49	102.85	103.35	3.07▲	102.50
Dominion	4	15 Oct. '47-52	106.35	106.85	3.30▲	106.25
Dominion	3	1 June '50-55	99.50	100.00	3.00	99.35
Dominion	4½	1 Nov. '46-56	109.00	109.50	3.49▲	108.50
Dominion	4½	1 Nov. '47-57	109.00	109.50	3.55▲	108.85
Dominion	4½	1 Nov. '48-58	109.35	109.85	3.57▲	109.15
Dominion	4½	1 Nov. '49-59	109.50	110.00	3.61▲	109.25

Dominion Guaranteed Bonds

		Due	Bid Aug. 6	Asked Aug. 6	Approx. Yield	Bid July 31
*G. T. P. Rly.	3	1 Jan. 1962	99.50	100.00	3.00	99.25
Can. N. Ry.	3	1 May 1944	100.75	101.25	2.84	100.75
Can. N. Ry.	3	15 Dec. '45-50	99.35	99.85	3.01	99.35
*Can. N. Ry.	4½	1 Sept. 1951	111.25	111.75	3.54	111.15
†Can. N. Ry.	4½	15 Sept. 1954	102.15	102.65	4.30•	102.65
*Can. N. Ry.	4½	1 Feb. 1956	112.25	112.75	3.61	112.00
†Can. N. Ry.	4½	1 July 1957	110.75	111.25	3.74	110.25
*Can. N. Ry.	4¾	15 June 1955	114.25	114.75	3.70	114.25
Can. N. Ry.	5	1 Feb. 1954	114.65	115.15	3.85	114.50
*Can. N. Ry.	5	1 July 1969	114.25	114.75	3.53▲	114.15
*Can. N. Ry.	5	1 Oct. 1969	116.50	117.00	3.73▲	116.50
*M. Harb. C.	5	1 Nov. 1969	116.75	117.50	3.69▲	116.75

Provincial Government Bonds

		Due	Bid Aug. 6	Asked Aug. 6	Approx. Yield	Bid July 31
Eastern—						
†N. Bruns.	4½	15 Apr. 1961	108.50	109.25	3.92	108.50
†N. Bruns.	5	15 Jan. 1960	114.00	115.00	4.03	114.00
N. Bruns.	5½	15 May 1950	113.75	114.75	4.17	113.75
N. Scotia	4½	15 May 1943	108.00	109.00	3.18	107.50
†N. Scotia	4½	15 Sept. '47-52	108.75	109.50	3.53▲	108.75
N. Scotia	4½	15 May 1961	110.00	111.00	3.83	110.00
†N. Scotia	5	1 Mar. 1960	115.50	116.50	3.96	115.50
*Ontario	4	1 June 1962	105.00	105.75	3.66	105.00
*Ontario	4½	1 Sept. 1944	110.00	110.75	3.12	110.00
Ontario	4½	1 June 1950	108.75	109.25	3.69	108.35
*Ontario	4½	15 Jan. 1962	109.25	110.25	3.87	109.00
Ontario	5	15 Oct. 1948	111.75	112.25	3.80	111.25
*Ontario	5	2 Dec. 1960	116.00	116.75	3.95	115.75
Ontario	5½	1 July 1946	114.50	115.25	3.79	114.25
O. H. C.	3½-4-5	1 Oct. '33-52	100.75	101.50	1.10▲	100.25
*Ont. Hyd. C.	4	1 Aug. 1957	104.00	104.75	3.68	103.75
Ont. Hyd. C.	4¾	1 Jan. 1970	110.00	111.00	4.15	110.00
Quebec	4	15 Mar. 1952	106.75	107.75	3.39	106.75
Quebec	4¼	1 Aug. 1958	110.25	111.25	3.53	110.25
Quebec	4½	2 Jan. 1963	112.50	113.50	3.71	117.50
Western—						
†Alberta	4	1 Dec. 1957	93.00	94.00	4.42	92.75
†Alberta	4½	1 Oct. 1956	96.00	97.00	4.73	95.50
†Alberta	5	1 Jan. 1948	100.00	101.50	4.83	100.00
Alberta	5	1 Sept. 1955	99.50	100.50	4.96	98.50
*Alberta	5	1 Oct. 1959	101.00	102.00	4.86	101.00
†Alberta	5½	1 Jan. 1947	103.00	104.00	5.04	103.50
Alberta	6	1 Mar. 1947	103.00	104.00	5.53	103.00
†Brit. Col.	4	1 Dec. 1957	93.25	94.25	4.41	93.00
*Brit. Col.	4½	15 Jan. 1951	98.00	99.00	4.59	97.50
†Brit. Col.	4½	1 Oct. 1953	97.25	98.25	4.64	96.50
†Brit. Col.	5	15 Jan. 1948	100.75	101.75	4.81	100.50
Brit. Col.	5	1 Sept. 1953	100.50	101.50	4.88	100.00
Brit. Col.	5½	1 Feb. 1945	101.50	102.50	5.16	101.00
Brit. Col.	6	15 Feb. 1947	103.00	104.50	5.47	103.00
†Manitoba	4	1 Dec. 1957	99.25	100.25	3.98	99.00
†Manitoba	4½	15 Dec. 1956	103.00	104.00	4.21	103.25
†Manitoba	5	15 June 1954	107.00	108.00	4.37	108.00
*Manitoba	5	2 Dec. 1959	109.00	110.50	4.28	109.00
Manitoba	5½	1 Oct. 1955	108.50	109.50	4.76	108.50
Manitoba	6	1 Apr. 1947	109.50	110.50	4.83	109.50
Sask.	4	15 Aug. 1953	89.50	90.50	4.79	89.50
*Sask.	4½	2 July 1945	98.50	99.50	4.56	98.50
†Sask.	4½	1 Oct. 1951	96.75	97.75	4.70	96.50
Sask.	5	1 Aug. 1958	100.25	101.25	4.91	100.25
†Sask.	5½	15 Nov. 1946	104.00	105.00	4.91	104.00
Sask.	6	15 Mar. 1952	107.25	108.25	5.26	107.25

Municipal Bonds

		Due	Bid Aug. 6	Asked Aug. 6	Approx. Yield	Bid July 31
†Calgary	5½	2 June 1944	91.00	94.00	6.40	90.00
†Edmonton	5½	1 Nov. 1945	91.00	94.00	6.30	90.00
†Halifax	5	1 July 1961	113.00	114.00	4.12	112.00
Hamilton	5	1 May 1950	101.00	104.00	4.62	101.00
Montreal	5	1 Mar. 1945	104.25	106.25	4.20	104.00
Ottawa	4½	1 July 1945	106.00	109.00	3.43	106.00
†Quebec	5	1 June 1959	107.50	109.00	4.39	107.50
Regina	5	1 July 1944	80.00	85.00	7.30	80.00
St. John	5	15 Dec. 1950	108.50	109.50	4.16	108.00
†Toronto	4½	1 Jan. 1955	108.50	110.50	3.75	108.50
Vancouver	5	1 June 1969	85.00	90.00	5.66	82.00
Victoria	5	21 July 1945	86.00	91.00	6.22	85.00
Winnipeg	5	1 Mar. 1944	103.00	105.00	4.30	102.50

*Payable Can., N. Y. & £. ▲Calculated to call date giving lowest possible yield. †Payable Can. & N. Y. •Calculated to maturity, although callable prior to that date. ‡Exempt from Dominion income tax.

Unlisted Mining Stocks

August 6, 1935

	Bid	Asked		Bid	Asked
Ascot	.27	.29	Hudson Patricia	.09	.11
Arntfield Gold	.75	.79	Jellicoe	.05½	.06½
Arntfield Synd.	.90	.98	Johnson Nip.	.01½	.02½
Adanac	.07	.09	Kowkash	.08	.10
Ardeen	..	.07	Kirk. Gold Belt.	.10	.12
Athona (Gt. B.L.)	.78	.79	Laguna	.40	.45
Athabaska Portals	.18	.20	Lafayette L. Lac	.05½	.06½
Bailor	.01	.02	La Palme	.21	.23
Bidgood Kirk.	.08	.09	Long Lac Lagoon	.06	.07
Bankfield Gold	.45	.47	Lamaque Gold	2.15	2.25
Bathurst	.01½	.02½	MacFarlane	..	.02
Bosquet Gold	.09	.11	MacL. Cockshutt.	.04½	.05½
Can. Pandora	.04½	.05½	Magnet Lake	.04	.06
Can. Radium	.31	.33	Matachewan Can.	.14	.16
Casey Summit	.06	.08	McCarthy Webb.	.06½	.08
Canusa Mining	.05	.07	Morrison Mines	..	.20
Casey Contact	.08	.09	Mosher	.03	.04
Central Porc.	.22	.25	Marbuan	.45	..
Cons. Chib. Free	.64	.68	N.A.M.E. Un.	18.50	22.00
Cons. Chib. Pool	.56	.62	North Shores	.03	.04
Columario	.01	.02	Oklend	.21	.23
Chromium M.&S.	.45	.50	O'Leary	.07	.08
Cuniptua	..	.08	Pamour Porc.	1.08	2.00
Dorval Siscoe	..	4.00	Rice Lake	.02	.03
Dunlop Cons.	.00½	.01	Shawkey	.42	.44
El Bonanza	..	.12	Silverado Gow.	.37	.39
Forty-Four Gold.	9.00	9.10	Smelter Gold	.06	.08
Glenora Gold	.06	.07	Smith Cobalt	.14	.16
Galatea	.03½	.04½	Straw L. Beach.	.13	.15
Goldside	..	.06½	Sturgeon R. Gold	.81	.85
Gold Eagle	.30	.34	Sun Bear	.14	.18
Greenlaw	.06½	.07½	Thom.-Cadillac	.02½	.03½
Hardrock Un.	50.00	53.00	Wells L. Lac	.12	.14
Hardrock	.50	.53	Wingold	.07	.08
Hislop Gold	.06	.08	Wendigo	.12	.14
Horseshoe	.02½	.03½	Young David.	.15	.17

Source of quotations on application. Not guaranteed.

Winnipeg Stock Exchange

(Transactions from July 25 to July 31)

Div. rate in $	Yield in %		Sales	High for period	Low for period	Close July 31
..	..	Canadian Rand	500	.04½	.04½	.04½
20	5	Great West Life	5	400.00	400.00	400.00
..	..	Flin Flon Synd.	3,050	.19½	.19	.19½
..	..	Island Lake	2,000	.03	.03	.03
..	..	Gold Lake	2,000	.25	.24	.24
..	..	Oro Grande	1,000	.06½	.06½	.06½
..	..	Wingold	900	.06½	.06½	.06½
1	6.3	United Grain	12	15.75	15.00	15.75

Stocks Not Traded in During Week*

	Bid	Ask		Bid	Ask
Beaver Fire	..	100	Northern Trust	..	9½
Beaver Lumber, c.	..	3	Rel. Grain, pfd.	64½	66½
Canadian Fire	72	..	West. Grain, pfd.	8	..
Crescent Cream, p.	25½	..	Can. Amer. Trust	2.85	3.20
City Dairy A	..	10	Can. Inv. Fund	..	3.75
Federal Grain	..	1	Fundamental A	4.81	4.37½
Federal Grain, pfd.	26½	..	Series B	4.54	
Home Investment	25	..	Grouped Inc.	..	4.80
Monarch L. 10% pd.	16½	19			

*Stocks more active on other exchanges not included.

Listed Bond Quotations

Week Ending Aug. 5, 1935

	Int. Rate	Due	Yield	Latest Bid	High	Low	Range 1935 High	Range 1935 Low
Mtl. L. H. & P. Debs	3	1939	3.03	49½	49½	49½	49½	46

Active Corporation Bonds

(Furnished by Toronto Bond Traders' Association)

August 6, 1935

	Int. Rate	Due	Bid Aug. 6	Asked	Bid July 30
Public Utility Issues:					
‡Avalon Telephone	5½%	1948	100	...	100
Beauharnois L. H. & Pwr.	5½%	1973	84	97	93½
Beauharnois Power Corp.	5%	1973	40½	43	38
*Bell Telephone	5%	1955	113	115	112½
*Bell Telephone	5%	1957	117	119	116½
†B. C. Power	5%	1960	98½	100½	98
†B. C. Power	5½%	1960	101½	103½	101
†B. C. Telephone	5%	1960	104½	106½	104½
†Calgary Power	5%	1960	100½	103½	100
Calgary Power	5%	1964	98½	100½	97½
†Canada Northern Power	5%	1953	101½	103½	101
†Cedars Rapids Mfg. & Pwr.	5%	1953	111½	...	111½
Dominion Gas & Electric	6½%	1945	82	84	81
‡Duke-Price Power	6%	1966	104½	106½	104½
*Gatineau Power	5%	1956	88½	91	88
*Gatineau Power	6%A	1941	78	80	75
*Gatineau Power	6%B	1941	77	79	74½
*Internat'l Hydro-Electric	6%	1944	48½	50½	43
†Maclaren-Quebec Power	5½%	1961	73	75	70
Maclaren-Quebec Power	5½%	1964	72	74	69
*Manitoba Power	5½%	1951	55	58	52
†Montreal Island Power	5½%	1957	103½	105½	103
†Montreal L. H. & Pwr.	5%	1951	106	108	105
†Montreal L. H. & Pwr.	5%	1970	106½	108½	106½
†Montreal Public Service	5%	1942	105½	...	105½
†Montreal Tramways	5%	1955	84	87	83½
†Montreal Tramways	4½%	1955	80	83	80
†Montreal Tramways	5%	1941	100	103	100
National Light & Power	6%	1949	93½	...	92½
†N. S. Light & Power	5%	1958	102	105	102
†Ottawa Lt., Heat & Pwr.	5%	1957	104	107	104
†Ottawa Valley Power	5½%	1970	92	95	92½
†Power Corp.	4½%	1959	86	89	84
†Provincial Light & Pwr.	5%	1946	105	...	105
*Quebec Power	5%	1968	104	106	104
†Shawinigan Water & Pwr.	4½%	1970	99	101	98
†Shawinigan Water & Pwr.	5%	1970	104½	106½	105
†Southern Canada Power	5%	1955	104	107	104
†United Securities	5½%	1952	81½	84½	81
†West Kootenay Power	5%	1956	105½	107½	105½
†Western Power Co.	5%	1949	104½	107	104½
*Winnipeg Electric	5%	1935	98	100	98
*Winnipeg Electric	6%	1954	56	58	53½
Industrial and Realty Issues:					
Abitibi Pwr. & Paper	5%	1953	29	31	28
†Acadia Sugar	6%	1946	103½	105½	103½
†Alberta Pacific Grain	6%	1946	88	92	89
‡Asbestos Corp.	5%	1942	77	80	75½
Brandram-Henderson	6%	1936	98	...	98
British American Oil	5%	1945	105	107	105
British American Oil	4%	1945	99½	101½	99
Burns & Co.	5½%	1948	54	...	52½
Canada Bread	6%	1941	105	107½	104½
†Canada Cement	5½%	1947	103	105	103
†Canada Paper	6%	1945	100½	...	100½
‡Canada Steamship	5%	1943	99½	...	99½
Canada Steamship	6%	1941	41½	44½	42
†Canadian Canners	6%	1950	105½	107½	105½
Canadian Cons. Felt	6%	1940	100	...	100
†Canadian Copper Refiners	6%	■1945	105	108	105½
Can. Goodrich	7%	1943	99½	...	99½
*Canadian Internat'l Paper	6%	1949	69	72	65
C. P. R.	6%	1942	108	110	108
C. P. R.	4½%	1944	97	99	97
*C. P. R.	5%	1954	106½	108½	106
C. P. R.	4%	1949	95	97	95
▲C. P. R. Perp. Debs.	4%	....	88½	90½	...
†Canadian Vickers	6%	1947	74½	77	74
Consolidated Paper	5½%	1961	13	15½	13
Debenture & Security	4%	1936	90	...	90
†Dominion Canners	6%	1940	109½	...	109½
†Dominion Tar	6%	1949	99	102	99
Dom. Wool. & W. (with stock)	6%	1948	14	...	14
†Eastern Dairies	6%	1949	88	92	87
Eaton T. Realty	5%	1949	101	103	101
†Famous Players	6%	1948	102½	104½	102½
†Famous Players	6½%	1948	95	98	95
†Federal Grain	6%	1949	91½	94½	91
Fraser Cos. (unstamped)	6%	1950	50	...	50
Fraser Cos. (stamped)	6%	1950	43	...	43
†General Steel Wares	6%	1952	95	97	94
Great Lakes Paper	6%	1950	40	42	39½
†Gypsum, Lime & Alabast.	5½%	1948	88	91	87½
Hamilton Cottons	5½%	1948	101½	103½	101½
*Hamilton By-Prod. Coke	7%	1943	102½	105	102½
*Hinde & Dauch	5½%	1948	102	...	102
†Internat'l. P. & P., Nfld.	5%	1968	100	102	100
Kingston Elevator Co.	6%	1950	82½	85½	82
Lake St. John Pwr. & Pap.	6½%	1947	...	60	57½
†London Can. Invest.	4½%	1948	79	...	78½
London Realty	6%	1950	89	92	88½
†Massey-Harris	5%	1947	86½	89	86
McColl-Frontenac	6%	1949	104½	106½	104½
Metropolitan Building	7%	1944	101	...	101
Minn. & Ont. Paper	6%	1945	13½	16	13½
*Montreal Coke	5½%	1947	103	105	103
‡Montreal Cottons	5%	1947	99½	...	99½
National Grocers	6%	1948	105	107	105
Northern Ont. Bldg.	6½%	1939	95½	98½	95½
†Penmans	5½%	1951	109½	...	109½
*Provincial Paper	5½%	1947	102	105	102
Queen's Hotel	6%	1947	82½	...	82½
*Reliance Grain	6%	1948	99	102	99
Richmond Bay Bldg.	6½%	1947	93	96	93
‡Riordon Pulp & Paper	6%	1942	104	...	104
†Rolland Paper	5½%	1948	102½	105	102½
Ruddy & Co., E. L.	6½%	1948	89½	92½	87
St. Lawrence Flour	6%	1941	103	...	103
†Simpsons Ltd.	6%	1949	103½	105½	103½
†Smith, Howard	5½%	1953	104	106	104
‡Steel Co. of Canada	6%	1940	111½	113½	111
Toronto Carpet	6%	1944	102	...	102
United Amusement	6%	1942	98½	...	97½
United Grain Growers	5%	1948	92½	95	91½
United Grain Growers	5½%	1949	96½	99	96
‡Wabasso Cotton	6%	1947	102	...	102
Wabasso Cotton	7%	1942	104½	...	104½
Woods Mfg.	6%	1943	101	...	101
*Zimmerknit Mfg. Co.	6%	1951	98	101	98

§Payable in U. S. only. *Payable in Can. or U. S. †Payable in Can., U. S., or U. K. ‡Payable in Canada or U. K. ▲Payable in N. Y. ■Called Aug. 15.

Unlisted Canadian Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

August 6, 1935

	Bid	Asked
Industrial Stocks:		
Acadia Sugar, c.	2.60	3.00
Do., pfd.	4.70	5.00
Acme F. Dairy p.	41.00	...
Allens Beach, pfd.	50.50	...
Allens Tor. p. b. c.	22.00	...
Aluminium Ltd.	27.00	30.50
Andian National	46.25	47.00
Atlant. Sugar, p.	105.50	107.00
B. C. Pulp, pfd.	6.50	10.00
Burns, A	4.25	5.75
Do., B	2.35	3.00
Canada Paper, p.	65.00	75.00
Can. Starch, c.	13.50	...
Do., pfd.	83.00	...
Can. Wire & C. p.	55.00	58.00
Can. Indust. A	193.00	...
Do., B	193.00	196.00
Do., pfd.	158.00	160.00
Can. Marconi com.	1.60	2.00
Can. P'board p. b.	4.25	6.00
Can. Tube 1st pfd.	28.50	...
Can. Westing.	46.75	48.00
Chase, pfd. bonus	24.00	28.00
Claude Neon Ad. U.	2.50	3.50
Copeland Flour U.	4.50	6.00
Dom. F. & Steel com. (New)	18.50	20.00
Do., pfd. (New)	69.00	73.00
Dom. Woollens c.	.45	.80
Dunlop Tire pfd.	68.00	71.00
East. Dairies pfd.	12.50	15.00
Edm. C. Dairy, p.	48.50	...
Fed. Grain com.	.50	1.00
Do., pfd.	28.50	29.50
Gen. St. Wares, p.	40.75	42.00
Goderich Elevator	5.00	5.75
Greening Wire p.	99.00	103.00
Guelph Carpet p.	98.00	99.00
Guelph Carpet, c.	14.50	15.50
Hayes Wheels pfd.	...	10.00
High. Dairy com.	3.25	4.00
High. Dairy pfd.	80.00	...
Huether Brew. pfd. bonus	3.00	4.00
Int. City Bak. c.	17.50	19.50
Int. Met. Ind. A p.	35.00	40.00
Inter. Paints, pfd.	19.00	20.00
Loew's London, p.	2.00	2.75
Mansf. Theat., p.	24.50	26.00
Massey Harris pfd.	27.00	28.00
Mercury Mills, p.	6.00	9.00
Morrow Screw, p.	95.50	...
New M. Laund. pfd. bonus	61.00	65.00
Niag. W. Weav. p.	51.50	53.00
Para. Oshawa, p.	58.00	...
Perf. Pet., pfd.	15.00	19.00
Prov. Paper pfd.	99.25	100.50
Rel. Grain, pfd.	65.00	69.00
Rob. Cons. Cone	8.00	8.75
Rolland Paper, p.	85.00	87.00
Ruddy, pfd.	25.50	...
Std. Fuel, p. bon.	101.00	103.50
Super. Pet. B p.	27.00	28.00
Tor. Carpet pfd.	31.50	...
United Amuse. B	10.25	12.00
Do., A	10.25	13.00
United Steel, A p.	3.50	4.25
West. Gr. p. bon.	9.75	11.00
Insurance Stocks:		
British America	36.00	40.00
Canada Life	443.00	...
Canadian Fire	73.00	80.00
Can. Ins. Sh. c.	10.00	11.75
Conf. L. 20% pd.	122.00	125.00
Cont. L. 20% pd.	36.00	40.00
Crown Life	114.00%	....
Dominion Fire	106.00	...
Dom. L. 50% pd.	255.00	300.00
Dom. Can. Gen.	...	92.00
Emp. L. 25% pd.	4.00	...
Excels. L. 30% pd.	69.00	74.00
Fed. Fire 25% pd.	35.50	40.00
Fidelity of Can.	47.00	...
Gr. West Life	400.00	...
Guar. of N. A. fully pd.	241.00	...
Imperial Life	315.00	...
Manufac. Life	246.00	...
Mon. L. 10% pd.	16.00	18.00
Nat. L. 25% pd.	53.00	57.00
Sov. Life 25% pd.	14.50	15.50
Sun Life	420.00	435.00
Toronto General	4.25	5.00
West. Assur. com.	35.00	38.00
West. Assur. pfd.	40.00	...
W. Em. L. 20% pd.	...	9.00
Trust & Loan Stocks:		
Chartered Trust	76.00	...
London & W. Tr.	34.50	37.00
Premier Trust	87.50	92.00
Sterling Trust	30.00	35.00
Traders Fin. B p.	65.00	...
Do., com.	.75	...
Trusts & Guar.	34.00	35.00
Victoria Trust	121.00	126.00
Waterloo Trust	98.50	...
Sherbrooke Trust	110.00	...
Investment Trust Shares:		
Can. Gen. Invest.	6.15	6.35
Can. Investors	5.50	6.00
Can. Int. Inv. Tr. U.	26.50	28.00
Can. Inv. Fund	3.30	3.75
Cons. Div. St. Sec. Units	10.75	12.00
Deb. & Sec. pfd.	25.00	...
Dom. & Anglo Inv. Units	191.00	...
Dom. Scott. In. U.	23.00	26.00
For. Power Sec. p.	...	9.75
Invest. Found. U.	39.00	41.00
Sec. Holding U.	11.00	...
United Corpns. A	16.25	17.25
United Corpns. B	4.85	5.25
Power Issues:		
Can. L. & P. com.	25.50	29.00
C. W. Nat. Gas p.	95.00	96.50
Do., com.	21.50	24.00
Gt. Lakes Pwr. p.	65.00	70.00
Marit. Tel. pfd.	12.00	13.00
N. B. Tele. com.	10.25	11.25
N. S. L. & P. com.	46.50	48.00
Do., pfd.	96.00	98.00
Recent London Quotations:		
Brit. Col. Tele., pfd.	$105	
Brew. & Distillers	3s.	
Canada Company	7s. 6d.	
Can. & For. Secs.	4s.	
Can. Collier, $1 com.	1½d.	
Do., pref. $10	4½d.	
Can. N. W. Land	15s.	
Can. West. Lumber	10½d.	
Hudson's Bay	17s. 9d.	
Do., pref.	90s.	
Imp. Tob. (Canada) 6% pfd.	27s. 6d.	
Third Can. Gen. Inv.	6s. 6d.	

Although The Financial Post strives to obtain the closest quotations possible on the unlisted stocks and bonds in the various tables on this page and in its mining quotations elsewhere in this issue, the quotations are not guaranteed and no responsibility is assumed in connection with them. In inactive markets, many quotations can be little more than nominal but it is felt that even a nominal quotation giving an idea of approximate price is better than none at all.

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DIVIDEND NOTICES

BANK OF MONTREAL
Established 1817

DIVIDEND NO. 289

NOTICE is hereby given that a DIVIDEND of TWO DOLLARS per share upon the paid up Capital Stock of this Institution has been declared for the current quarter, payable on and after TUESDAY, the THIRD day of SEPTEMBER next, to Shareholders of record at close of business on 31st July, 1935.

By order of the Board.

W. A. BOG, General Manager — JACKSON DODDS, General Manager

Montreal, 19th July, 1935.

The Canadian Bank of Commerce

Dividend No. 194

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 31st August, 1935, and that the same will be payable at the Bank and its Branches on and after Tuesday, 3rd September next, to shareholders of record at the close of business on the 31st July, 1935. The Transfer Books will not be closed.

By Order of the Board,

S. H. LOGAN, General Manager.

Toronto, 19th July, 1935.

The Royal Bank of Canada

DIVIDEND NO. 192

NOTICE is hereby given that a dividend of two per cent. (being at the rate of eight per cent. per annum) upon the paid-up capital stock of this bank has been declared for the current quarter and will be payable at the bank and its branches on and after Tuesday, the third day of September next, to shareholders of record at the close of business on the 31st day of July, 1935.

By order of the Board.

S. G. DOBSON, General Manager.

Montreal, Que., July 12, 1935.

McCOLL-FRONTENAC OIL COMPANY LIMITED

Common Stock Dividend No. 24

NOTICE is hereby given that a dividend of 20 cents per share, being at the rate of 80 cents per share per annum, has been declared on the no par value Common Stock of McColl-Frontenac Oil Company, Limited, for the quarter ending August 15th, 1935, payable September 14th, 1935, to shareholders of record at the close of business on August 15th, 1935.

By Order of the Board,

FRED HUNT, Secretary.

July 31st, 1935.

Farm Factors

Agricultural Trends Affecting Business and Finance

Price Control

NOT a few prominent sponsors of the Agricultural Adjustment Act in the United States are now beginning to realize the folly of attempting improvement through artificial control. Senator Royal S. Copeland, prominent New York democrat, who originally supported both the A. A. A. and the N. R. A., now has publicly announced that he made a mistake and if called upon would not vote for these measures again.

His declaration came during the discussion of its proposed amendment to bring flax under the A. A. A. The amendment also included a processing tax both on flax and competitive products. Mr. Copeland contended that these taxes would increase the cost of paint in which flaxseed oil and other substitute oils are used. He estimated the increase would amount to 35 cents a gallon. Mr. Copeland pointed out that there were probably two million people out of work in the New York area already and these processing taxes would put a lot of people now employed in paint factories on the unemployed list.

In order, he said, to help out one million acres of flax out of the great many more millions of acres devoted to agricultural products, sponsors of the amendment were asking that the cost of paint be materially increased.

"We are making a great mistake in increasing the cost of essential products and thereby making for unemployment," he said.

* * *

Tobacco

A REDUCED tobacco yield in Ontario and a ten to 15 per cent increase in the Quebec crop are predicted by the Dominion Department of Agriculture. The Ontario crop, while light, is expected to be of good quality. In Quebec and part of Ontario root rot has been prevalent, and mid-July hail storms also caused material damage.

Exports of leaf tobacco for the first half of this year amounted to 6.1 million pounds as compared with 6.5 millions in the corresponding period of 1934. The reduction is due to a decrease in shipments to the United Kingdom which takes about 95 per cent of the total exported. A flourishing trade is developing with the British West Africa, to which exports totalled 238,400 pounds as against only 16,761 in the first six months of last year.

Wheat

Crop Destruction

WINNIPEG. — The destruction wrought by rust to wheat crop of Manitoba and Eastern Saskatchewan has now reached serious proportions. Up to ten days ago it could still be said of much of the area that there was a race between rust and the crop, and it seemed that, if the weather would change to check development, perhaps half a crop might still be harvested. Now it must be admitted that the race has been lost so far as the bread wheat crop of Manitoba and a considerable part of Saskatchewan is concerned. Already farmers have started putting a match to some fields rather than incur the expense of trying to recover the few bushels of shrunken grain that harvesting would yield. Hundreds of thousands of acres are due to receive the same treatment.

* * *

Durum Also Suffers

EVEN Durum wheat, much more resistant to rust than bread wheats is suffering badly. Rust has probably never before done an equivalent amount of damage in Western Canada when the brilliant possibilities of one of the heaviest straw crops ever grown is contrasted with the light yield of shrunken grain that will be saved. There are still reasonable hopes for the barley and oats in much of this area but even the prospect for these grains is daily being impaired as rust develops. Unfortunately, too, the area of serious rust damage is daily enlarging, and has worked farther west and north than seemed probable up to a short time ago.

* * *

Best Areas

IN WEST and north Saskatchewan, and in central Alberta there are still large areas with prospects of high wheat yields, and there are still large areas where the extent of rust damage to wheat is problematical. South western Saskatchewan has a good deal of land where crops are light because of lack of moisture, but which nevertheless are better off than other areas, where plentiful rainfall was followed by rust infection.

* * *

More About Rust

WHERE does rust come from? So far as western Canada is concerned it comes from the United States. Winters in Canada are too severe to permit year-round development of the spores from which rust develops. Every primary infection is the result of wind-blown spores from the south.

Although rust develops in damp weather a paradox is the fact that this year's infestation, both north and south of the border is the direct result of drought. The theory held by rust experts is as follows: There is always rust on winter wheat in the United States, but that crop is usually harvested so early that it does not get a chance to cause much damage. In 1934, however, a good deal of wheat was sown in ground so dry that it did not germinate before winter. In the moist spring of 1935 it began to grow. Rust grew rapidly on it without causing much concern to its owners, who had not expected much from it in any event. Then, toward the end of June, warm wet winds began to blow from the south, carrying with them both the rust spores and the weather which was to encourage their growth.

* * *

Oats in Politics?

THE investigation into trading in July oats, begun by the Winnipeg Grain Exchange, may supply the answer as to whether Canadian mills are making oatmeal from Argentine oats. It is believed in some quarters that such has been the case. This is evolved from the regulation requiring delivery of Canadian supplies at Port Arthur and Fort William in the interests of a "corner" in July oats. The investigation is expected to disclose whether the corner was a result of market manipulation carried on under guarantee of the Dominion government, and whether it was for the account of the Saskatchewan government.

* * *

War Ahead

I HAVE always held the opinion that the English millers are very much afraid of what may happen to them if and when Canadian wheat gets down to a world level," A Canadian miller is quoted in Northwestern Miller:

"While I quite agree that there is no recognized world price of wheat there is a basis of value between Canadian, Australian, Argentine and other wheats, which has been disregarded for a long time. When free selling was permitted, Australian wheat not infrequently sold above No. 1 Northern Manitoba, and Argentine wheat was running about 1s. per quarter below or perhaps 2s. There were times when Australian wheat would sell below Canadian, and if Australian was scarce Canadian wheat might be lower than Australian.

"In my opinion there is going to be a fight to supply the small quantities of wheat that European nations at present require, and the fight will probably be a bitter one consequent on Mr. Bennett's actions in the past five years, because Argentina has been encouraged to think they can sell all they grow, and my belief is they will sell all they can grow at what they can get. They have been encouraged to think that Canada will not sell its wheat cheaply, but are going on storing it until all the elevators burst. Had Canada met the situation when surpluses began to be burdensome, the Argentine government would be very much more inclined to talk about some restriction on the growing of wheat. Unless restrictions are arrived at in some way, wheat growers for some years are likely to have a hard time."

Crop Reports

A survey of the rust infested territory reveals an area of at least 4,500,000 acres of common or bread wheats now seriously infected with stem rust. This area on the map embraces all of Manitoba, or 1,500,000 acres of common wheat, and 3,000,000 acres in the eastern districts of Saskatchewan, which is approximately 20 per cent of the seeded acreage in western Canada.—Winnipeg Free Press.

General rains over the whole West have relieved drought in districts which had been most deficient in moisture.—Western Grain Company.

WHEAT EXPORTS SERIOUSLY HIT BY GOVERNMENT

Agency Reported to Be Acquiring Total Wheat Supply

From Our Own Correspondent

WINNIPEG.—With brakes hard set, Canada's wheat exporting business is reported to be skidding to a full stop. The brake has been partly on for a long time through the bidding up of wheat futures prices on the Winnipeg Grain Exchange in accord with the price stabilization policy approved by the government. Now it is clamped down hard as the government agency is employing the "corner" it has acquired through purchases of August wheat futures to obtain ownership of every bushel of wheat in Canada.

Owners Powerless

Owners have no desire to have their functioning cut short through being deprived of their stock in trade. They are powerless it is said, however, so long as Mr. McFarland can force them to give up ownership of all their wheat. This can be done by insisting either on literal fulfillment of their hedging contracts for delivery of their hedged grain in elevators in Port Arthur and Fort William, or on settlement on terms dictated by the agency.

Futures Market Closed

The export business as ordinarily carried on is dependent upon the futures market, and the futures market is to all intents and purposes closed. Trading in wheat for August delivery at the lakehead is still nominally in progress, but the market, because of its tightly cornered position, cannot be employed for ordinary hedging operations. Trading in October wheat is impossible, both because the government has prohibited it and because the agency is now, or is about to be, in possession of all wheat. Ordinary buying and selling operations have been brought to a standstill.

Conditions as they now prevail make the ordinary processes of trade quite impossible. New processes can be developed but in the uncertainty as to how business is to be carried on in the future no one knows what process to adopt. Meanwhile, overseas importers are not offering to buy, exporters are not offering to sell, brokers cannot book freight space, millers cannot keep their mills going. It is stated that there is deeper stagnation in the handling of Canada's wheat than has ever before prevailed. And lurking in the background is the fear that customers for Canadian wheat may be looking to Russia, Hungary, the Balkans, or Argentina for their supplies.

RECEIVE 80 CTS. FOR POOL WHEAT FROM '34 CROP

Equity of Growers Being Restored, Claimed in Sask.

From Our Own Correspondent

REGINA.—While Manitoba, Saskatchewan and Alberta farmers obtained more cash than in 1934 for their pooled wheat from last year's crop, the three pools themselves will perhaps only about break even on their entire operations for the crop year.

Manitoba poolers received the highest price, 80.66 cents per bushel of No. 1 Northern, Fort William. Saskatchewan poolers received 80.005 cents and Alberta poolers 77.71. Initial payments in all pools was 50 cents per bushel with an interim payment of 15 cents and a final payment making up the total. Saskatchewan cheques totalled $250,000, covering numerous grades.

For the time being none of the pools will accept wheat on a pooling basis until the policy of the Canadian wheat board is announced.

The most recent issue of Saskatchewan pool notes contains this information: "In spite of the poor crops over a wide area of the province last year, operations of the Saskatchewan Pool Elevators, Limited for the 1934-5 crop season just closed, are regarded as eminently satisfactory. This year's commitments to the provincial government have been met in full, elevators have been acquired at new points and a substantial amount added to working capital. The equity of growers with an investment in the system is being restored year by year. Percentage of deliveries in the province again shows an increase compared with the previous year."

Grain Storage Rate Cut Will Benefit Government

From Our Own Correspondent

WINNIPEG. — Mystery surrounds the action of the three wheat pool elevator companies in announcing their intention to cut the regular tariff storage rates on grain this coming season to one forty-fifth instead of one thirtieth of a cent a day. Although announced as intended to benefit farmers, very few farmers have been carrying grain in elevator storage in recent years. The principal beneficiary of a reduction in storage rates will be the Dominion government.

It is by no means certain that other elevator companies will follow the example of the pool elevator systems. They may take the ground that in the interest of farmers it is more important for them to keep their buying margins narrow, and that with a light crop to handle it is necessary for them to secure what storage earnings are possible to enable this to be done.

In 1932 the government forced reduction of storage rates similar to that which the pools have now announced and that helped keep down the cost of wheat stabilization operations. But all elevator companies, including the pools, brought pressure to bear the following year to have the regular tariff rate restored. It is not likely that any definite action on these rates will be taken by other elevator companies until it is seen on just what basis wheat is to be handled by the government board to be appointed.

SEE PROFITS GRAIN FIRMS IMPROVED

(Continued from page 1)

through the futures market a considerably larger percentage of grain than in the former year, would have comparatively little effect.

Inventories Down

One important change which will be noted when accounts are published will be a large reduction in grain inventories. At July 31, 1934, most grain companies were owners of practically all grain in their elevators and in accordance with standard practice all of this was hedged in the futures market.

During the last three months of the crop year just closed Canadian Co-operative Wheat Producers, through which Government sponsored operations have been carried on, inaugurated a new policy of taking delivery of as much wheat as possible in terminal elevators at the head of the lakes. Hence, of approximately 70 million bushels of wheat in store there on July 31, only a small percentage would be carried in the inventories of the elevator companies.

Country Elevators Bare

In addition country elevator stocks are considerably down from those of a year ago, as elevator companies sought to clean out their elevators in preparation for the handling of a new crop which up to a few weeks ago, before rust damage had become extensive, promised to be large. The realization of inventories would have varying effects on the earnings of companies. Of necessity inventories are valued on the basis of market prices prevailing for different grades on a given date, but there is inevitably some variation in spreads between values of different grades from time of inventories to time of active sale. On the whole such variation in spreads as has occurred is probably adverse to the interest of the elevator companies.

During the past year fairly good storage earnings were reported. This was because of the large size of the carryover. That condition was maintained up to the close of the crop year. However, owing to the practice of switching hedges from one delivery month to another, which the Canadian Government agency had insisted on a very narrow basis, total storage earnings were much less than would have been the case at regular tariff rates on grain wholly owned by others.

Prospects for the coming year cannot be assessed in detail. However, with the shrinkage in size of the prospective crop during the past few weeks, the outlook is much less favorable than it seemed a short time ago. It is not known yet on what basis the coming crop is to be handled and whether or not the compulsory clauses of the Canadian Wheat Board Act are to be invoked. These, it will be recalled, if they are declared effective by Order-in-Council, would take the responsibility for elevator handling out of the hands of the owners and allow elevators to be operated by owners only as agents for the Board.

The reduction in storage charges recently announced by Ottawa will also be a factor in reducing future earnings.

But the distribution of earnings on the crop shortly to be harvested will be decidedly different from those during the past few years. A much larger percentage of the crop will come from southern Saskatchewan. Companies with many elevators in that area, which had very meagre earnings over a long period of years, will make a better showing.

Operating conditions are probably going to be much more difficult during the coming year. During the past few years when a large percentage of the crop was of high grade, the opportunity to make losses on country grading was not so great as is sometimes the case, although competition did result in some considerable losses of that nature. But the coming crop is going to show a very large percentage of low grade wheat and in addition elevator agents will be required to distinguish between Garnet wheat and wheat of the Marquis type. There will be a great deal of pressure from farmer customers to overgrade wheat and if past experience is a guide, competition may result in this being done.

In the comparative table of earnings at the end of this article, International Milling Co. is not included because this company is operating in United States as well as Canada and therefore its experience would be different from those operating practically exclusively in the domestic field.

Bad Year for Millers

August 31 marks the end of the fiscal year for most flour milling companies. In this case no qualifications are offered with the year reported decidedly unsatisfactory from an operating standpoint.

Summarizing the situation the Northwestern Miller states:

"As everybody in this business knows, the difficulty in making satisfactory profits arises out of the situation that has developed in the marketing of Canadian wheat. Governmental interference coupled with ill-advised management of Ottawa's selling operations has made it impossible for the milling industry to function.

"The domestic demand for flour is too small to employ the volume of capacity built up in days of expanding exports. Domestic consumers have had no option but to pay whatever price the government chose to exact for wheat, but buyers in other countries were under no such necessity and have exercised their right to turn to other sources of supply.

"The result has been a disastrous decline in the exporting flour trade. Under normal conditions this amounts in most years to about 50 per cent of total production. At present it is less than half of that percentage with resulting effects on price levels sufficient to account for the poor earnings of the year. Pegging the price of Canadian wheat at Winnipeg has been a costly mistake for Canadian flour mills."

Comparative Statement of Leading Canadian Elevator Companies

Company:	Capacity bushels	Inventory $	Bank loans $	Times bond int. earned after deprec. 1934	1933	Earnings pref. shares 1934 $	1933 $
Federal Grain	17,500,000	6,595,271	5,576,085	1.15	1.06	0.36	0.24
•Alberta Pacific	14,700,000	4,341,286	4,306,000	1.12	1.11	nil	0.48
Western Grain	11,650,000	4,314,093	3,681,000	0.81	0.14	nil	nil
Bawlf Grain	7,950,000	1,505,856	1,156,000	2.06	0.36	0.65	nil
United Grain Gr's.	*8,100,000	5,718,979	3,784,240	2.29	0.41	†1.71	†nil
Toronto Elevators	5,000,000	4,315,945	3,190,000	no bonds		14.06	10.00
▪Reliance Grain	10,100,000	8,804,343	7,702,156	2.85	1.27	10.74	1.26

*Not including 447 country elevators. •Year ends June 30. ▪Year ended Dec. 31 in 1934, previously July 31; earnings for 1934 are for 17 months' period. †Common shares.

Comparative Statement of Leading Canadian Milling Companies

Company:	Capacity bbls. daily	Inventory $	Bank loans $	Times bond int. earned after deprec. 1934	1933	Earnings pref. shares 1934 $	1933 $
Ogilvie Flour	19,750	4,965,675	2,653,863	no bonds		37.34	37.39
Lake of Woods	20,000	2,555,848	2,992,000	bonds pledged		26.82	20.05
Western Canada	10,350	1,966,062	779,000	no bonds		*6.13	4.73
†Maple Leaf	24,500	2,551,392	3,895,500	0.78	0.54	nil	nil

*After transfer from general reserve. †Year ended July 31.

Taber Canning Active

The Taber Canning Co. is again in production, a new product this year being canned peas.

Key Facts About Wheat

	Week bu.	Prev. Week bu.	Same Wk. Prev. Year bu.
Canadian Wheat in Store:			
Fort William (July 31)	71,457,981	72,325,503	....
Country elevators (July 19)	....	....	....
Total (all points), (July 26)	191,919,019	189,934,983	185,044,530
World Shipments (incl. flour) Aug. 3:			
North American	....	....	....
Argentine	1,500,000	1,653,000	3,738,000
Australian	1,466,000	1,661,000	2,030,000
Black Sea	....	....	....
Total (world)	6,238,000	6,077,000	....
Country Marketings and Exports:†			
Canadian exports (July 26)	1,722,231	1,208,567	2,485,981
Cum. to July 26 (52 weeks)	116,738,759	115,016,528	153,304,493
Country marketings (July 19)	3,499,160	2,977,982	2,937,313
Cum. to July 19 (51 weeks)	225,190,752	221,691,592	224,558,247
Country deliveries (Aug. 2)‡	2,860,000	2,879,000	3,312,000
Country loadings (Aug. 2)‡	2,952,000	5,170,000	2,266,000

†Excluding flour. ‡Sanford Evans Weekly Report.

Winnipeg Grain Prices

Week to August 6, 1935

Crop year from Aug. 1, 1935 High	Low		Open July 31	High for week	Low for week	Close Aug. 6
		Wheat				
.91½	.80	July	.85	.86½	.85	.....
.86⅝	.84	Aug.	.85⅛	.86⅝	.84	.84¾
		Oats				
.47¾	.35⅛	July	.43¼	.47¾	.38½	.....
.35½	.32⅝	Oct.	.34¾	.35½	.32⅝	.32¾
.33⅛	.30⅞	Dec.	.32⅝	.33⅛	.30⅞	.31¾
		Barley				
.60½	.33⅛	July	.37⅝	.37⅞	.35½	.....
.37⅞	.34½	Oct.	.37¼	.37⅞	.34½	.34⅝
.38½	.35	Dec.	.38⅛	.38½	.35	.35¼
		Flax				
1.49⅛	1.14½	July	1.30¼	1.32¼	1.30¼	.....
1.31	1.21¼	Oct.	1.30	1.31	1.21¼	1.24⅛
1.29¼	1.19⅞	Dec.	1.27¾	1.29¼	1.19⅞	1.22½
		Rye				
.66¾	.31½	July	.40	.40⅛	.39¾	.....
.42½	.39½	Oct.	.41⅝	.42½	.39½	.39¾
.43½	.41	Dec.	.43⅛	.43⅞	.41	.41¼

Drought Hits Seeding Throughout Australia

The weather in Australia has been unfavorable for new crop sowing, reports M. T. Stewart, Assistant Trade Commissioner at Melbourne. In Western Australia especially the prospects for the coming season are not satisfactory owing to insufficient rainfall.

It appears very likely that there will be a reduced acreage, and unless farmers receive good rains very shortly, the situation will become rather critical.

Eastern States are also suffering from insufficient rainfall, and although some centres have received useful rains, a widespread soaking is needed in order to create a sub-soil reserve.

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FAIR TO GOOD CROP SUMMARY FOR DOMINION

But Rain in East and Western Rust Do Damage

AHEAD OF 1934

Early August Will be Critical Period for Prairie Grain Crops — Dry Areas Spread West

Fair to good crops much in excess of 1934 are being harvested or in the making throughout Canada this year, according to the midsummer summary by the Dominion Bureau of Statistics. In the Maritime Provinces and Eastern Canada, weather conditions have favored crop growth but the recent showery weather is interfering with the hay harvest.

In the West, unfortunately, July has again provided conditions that were fatal to the good crop prospects on the southern plains where conditions in May and June were so promising. Rust has severely reduced the yield of all bread wheats in Manitoba and the infection is spreading westward into Saskatchewan while the drought area that has been limited to rather narrow belts along the Alberta-Saskatchewan boundary is extending eastward. Harvesting of the main wheat crop will not be general in this area for two to three weeks, so the prospect is very indefinite and unsatisfactory.

Mixed Farming Crops

Reports on the potato crop in the Maritime Provinces are not as optimistic as they were earlier in the season or at this date last year. Excepting the eastern third of Nova Scotia, the prospects for small grains and hay are very good. The development of fruit in the Annapolis Valley and elsewhere is quite satisfactory. In Quebec and Ontario a long period of hot weather with ample rains has quickened the growth of all crops so that prospects remain very good. A large hay crop is promised but the quality may be lowered by weathering. Winter wheat yields are not living up to expectations in western Ontario.

Western Crop

Rust has so severely infected the 1.5 million acres of bread wheat in Manitoba that only a very light yield of poor quality grain can be expected. The infection on the remaining one million acres of Durum wheat remains slight and less damage to this type is indicated. The coarse grains are also rusted and the outcome is uncertain. Hay and pastures are showing fine growth. Rust and drought are causing serious reductions in Saskatchewan crop prospects and the weather of the next two to three weeks will have a very important bearing on the ultimate yield. In large areas running through the centre of the province from north to south, crop conditions remain very promising. In Alberta, the southern and some central areas will harvest light crops, but good prospects persist over the remainder of the province. British Columbia experienced a long heat wave and that was mainly beneficial to crop growth. A good rain is needed at present.

Detailed conditions by sections follow:

Maritime Provinces

On Prince Edward Island, a heavy hay crop is more than half saved under ideal weather conditions. Potatoes promise a below-average crop but growing conditions for the grain, vegetable and fruit crops are very satisfactory. In contrast, the weather in eastern parts of Nova Scotia has not been favorable for haying and the crop will be below average. Pastures are in only fair condition but all other crops are growing satisfactorily. Conditions for the development of fruit in the Annapolis Valley continue very favorable. Potatoes are not generally promising in New Brunswick, with the weather favoring blight. Roots and early grain are not promising. Pastures and late grain were improved by the heavy rain a week ago.

Quebec

Recent weather has been generally favorable for growth, but haying has been delayed, with consequent lowering of quality, by the frequent showers. Flooding has caused some loss to cereals on poorly drained lands, but otherwise the small grains and hoed crops are growing splendidly. Fruit crops are making fine progress.

Ontario

Excellent growing conditions for pastures and late spring grains prevail, but the showery weather is interfering with the hay harvest. Over most of the province, a fine hay crop is indicated, some fields in eastern Ontario being especially heavy. The spring grains are very promising throughout the province, but disappointing yields of winter wheat are the rule in western Ontario. Pastures are good and improving and the growth of corn is also quickening under almost ideal weather conditions.

Manitoba

The serious ravages of rust overshadow all other factors in the Manitoba crop situation. Conditions have been practically ideal for the spread of infection. Wheat harvesting will not be general for two or three weeks and in that time, the yield and grade of common or bread wheats throughout the province will be drastically lowered. Many fields will be a total loss. Durum wheat, oats and barley are also affected but losses in these types will not be so serious. The harvesting of a heavy hay crop is continuing and pastures remain very good.

Saskatchewan

The spread of rust in eastern Saskatchewan and the widening of the drought area in the West indicate a definite lowering of crop prospects during the past week. The rust situation in Saskatchewan is not hopeless and the weather of the next two or three weeks may reduce losses. Infection, however, is severe and the crops extremely vulnerable so that considerable damage is evident already. A definite decline in crop prospects in the northwest and southwest is reported due to high temperatures and the continued lack of moisture. Considerable damage by winged grasshoppers in comparatively small areas is reported. Pastures are holding up well but need rain. Hail losses during the week were quite small.

Alberta

Crop prospects were fairly well maintained in Alberta during the past week with continued deterioration in the south being offset by improvement elsewhere, especially in the area between Edmonton and the Saskatchewan border where a heavy and much-needed rain fell. The continued hot weather was beneficial north of Calgary where moisture is fairly ample but caused a further decline in prospects further south. Another severe hail storm hit the Calgary-Macleod area while hail was also reported from the Killam and Wetaskiwin areas. Grasshoppers are causing damage in the south and around Hanna and Consort and rather general sawfly damage is expected later. Feed and pasture prospects remain very favorable.

British Columbia

A period of high temperatures that lasted for ten days hastened the maturity of all crops but caused some damage to apples and berries. Recently, the weather has been dull and cooler, with light showers. General and heavy rains would be welcome. Spring grains are promising and the fall wheat harvest has begun. The shipping of early apples, apricots, peaches, blackberries, tomatoes and cucumbers is now active.

Wheat Prices

(Cash Quotations)

	Aver. for week July 27 $	Previous week $
At Winnipeg:		
No. 1 Man. Hard	0.823	0.803
No. 1 Northern	0.823	0.803
No. 2 Northern	0.793	0.773
No. 3 Northern	0.743	0.723
No. 4 Northern	0.67\	0.648
No. 5 Wheat	0.618	0.583
No. 6 Wheat	0.612	0.573
Feed Wheat	0.570	0.543
At Vancouver:		
No. 1 Northern	0.793	0.771
At Toronto:		
Milling Wheat*	0.58	....

Competitive Export Prices: (August) shipment:

	High Week to Aug. 2 $	Low $
No. 1 North. (Vanc.)	0.97⅝	0.94⅝
No. 2 North. (Atlan.)	0.96⅞	0.94½
No. 2 North. (Vanc.)	0.91	0.86⅝
Argentine Rosafe	0.77½	0.74⅝
Do., Barusso	0.73⅛	0.72⅛
Australian	0.82⅞	0.80⅝
West Australian	0.84½	0.82⅝
French	0.61⅛	0.60

*New crop.

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News of Canadian Mining Investments

The Week in Mining

Gold-Silver Developments

RECENTLY, two incidents occurred in the United States fiscal world which, in the present dearth of any tangible development, may be pounced on by holders of gold and silver stocks, as an indication that the current price position of these two metals will remain, at least, unchanged, for some little time.

Perhaps the most cheering news is in regard to gold. In sharp contrast to the talk of $41 gold prevalent some months ago, there has been of recent weeks, fear expressed that there might be some secession from $35 gold on the markets of the world. These fears appeared to be no better founded than the hopes of an immediate upping in gold prices. The latest move of the U. S. treasury illustrates this. It has been officially announced that some $640 million of the U. S. profit on gold, reaped when the price of gold was written up from $20.67 to $35 per ounce, will be used to retire Panama Canal bonds.

Thus the U. S. treasury has forged still another link between itself and $35 gold. Other links in this chain were made when the treasury utilized some $750 million of these profits to redeem Liberty Bonds, and when $2 billions were set aside as a currency stabilization fund.

The point is that each one of these steps makes it that much harder for the United States to return to the old gold valuation.

* * *

Sop For Silverites

THE second incident, small in itself, may well be fraught with interest to silverites. In a letter to Senator Thomas, of Oklahoma, written in response to a renewed campaign in favor of silver waged by the silver block in the Senate, President Roosevelt, by a skilful use of vague generalizations, intimates, unmistakably, that the U. S. treasury has no intention of drawing back from the terms of the Silver Purchase Act, under which that body is compelled to purchase silver until American currency reaches a 25-75 silver-gold backing, or until the price reaches $1.29 per ounce. In view of the fact that recent enormous purchases of the white metal by the treasury have failed to continue to raise the price of silver, it still remaining at under 70 cents per ounce, has led many observers to fear that the treasury might abandon this programme.

Present trends would indicate that these fears were unfounded.

* * *

Macassa's Statement

THE statement recently issued by Macassa Mines, and carried verbatim elsewhere in this issue, will do much to clear the air of the uncertainties which have for some weeks surrounded this stock on eastern exchanges. This uncertainty, centring, apparently around the ore reserve situation has resulted in driving the stock from its position of about $2 early in June, to a current low of about $1.30.

In a plain statement of fact, the company shows that, reports to the contrary, the ore reserves have actually been increased since the date of the last annual report, when positive ore reserves were set at around 72,000 tons. This figure does not take into consideration partially developed tonnage, nor does it include indicated lengths of lower grade.

A perusal of the statement will repay those who, in letters to The Financial Post, have expressed alarm at the price action of this stock.

* * *

Gold Milling Practice

A REVIEW of "Recent Developments in Gold Milling Practice" by W. B. Timm, chief metallurgical engineer of the Department of Mines, Ottawa, published in the August Bulletin of the Canadian Institute of Mining and Metallurgy, will prove of great interest to both technical and practical mining men.

Today we find the mines of Canada in the forefront of mining and metallurgical achievement. Thirty years ago Canadian mining interests had to look to other lands to find the processes by which various ores could be treated economically. Today Canadian metallurgists are successfully devising or modifying processes to meet each need as it arises.

The milling of gold ores, which was thought to be close to perfection 25 years ago, has advanced with the treatment of other ores, and the present activity in gold mining has given fresh impetus to this advance. In the ore dressing laboratories at Ottawa there is modern equipment for testing all the various kinds of ores in order to determine the process best suited to each.

Mr. Timm's review states in brief the practice employed in 35 of the Dominion's gold mines, and thus sets forth the metallurgical devices that have been found best suited to treating almost that number of different gold ores—for it is seldom that the ore of one mine is amenable to exactly the same treatment as the next.

* * *

Volume of Trading Down

TRADING on the mining section of the Toronto Stock Exchange in July was much less active than in June, both volume and value of transactions recording a sharp drop. Volume at 7,141,150 shares was down approximately a million. Value of transactions was correspondingly lower at $6,215,510. The drop is attributed to the fact the season's results from field operations are not yet reported and the holiday spirit which pervades the market at this time.

In the period 161 issues came on the board as compared with 167 in June. Of the 161, 68 recorded an advance, while 73 were lower, the balance being unchanged.

Asbestos Production

Asbestos production in Canada during May advanced to 18,562 tons from the April total of 14,702 and the May, 1934, shipments of 13,171. Canadian shipments during the five months ending May totalled 67,430 tons, or 24.5 per cent above the tonnage shipped in the corresponding period of 1934.

THREE NEW MILLS FOR MICHIPICOTEN IN CURRENT YEAR

To Install Mills at Cooper and Centennial Properties

With operations at the two established producers in the area on a satisfactory basis, one new mill in production and two companies planning the installation of milling plants within the next few months, the Michipicoten mining area is forging ahead as one of the important gold producing sections of northwestern Ontario.

Smith Mine Producing

Milling operations were commenced recently at the S. B. Smith Mine, a private enterprise financed by Dr. S. B. Smith, of Cleveland, and at the present time the mill is handling 50 tons of ore daily. The mill is capable of somewhat greater capacity and will be stepped up to 60 tons per day in the near future.

While no details as to the actual value of production or grade of ore being handled are available, The Financial Post is informed that excellent results have been obtained from production activities to date.

The Smith operation was formerly known as the Vansickle property and adjoins the Parkhill property. The property consists of only one claim, but the vein being developed is high grade. The vein dips into the Parkhill property and it is the downward extension of this vein that the latter company recently cut on the tenth level east of the shaft.

Dr. S. B. Smith is interested in other properties in the Michipicoten area and recently an examination on his behalf was made of a group of 11 claims on the north bank of the Michipicoten River which is controlled by a Sault Ste. Marie group. An option on this property is under consideration.

Minto Gold Mines

The two companies planning mill installation are the Centennial Gold Mines and Minto Gold Mines. The latter is already an established producer, but has announced plans for a second mill on its Cooper property.

Minto Gold Mines, a private company, was formed in 1930 by John Knox, Jr., to acquire the holdings of Cooper Gold Mines, which was controlled by the Huronian Mining & Finance Co. In consideration of the properties acquired, Anglo-Huronian Ltd. received a 49 per cent interest in Minto Gold Miines.

Originally regarded as a salvage proposition, Minto Gold Mines has given a good account of itself and plans are currently under way for the enlargement of operations. At first the company confined its activities to the Minto Mine, but when developed ore was exhausted at this property late in 1934 the Jubilee property was opened. Ore from this property is trucked one mile to the Minto mill.

Early this spring development of the company's third property, the Cooper, was commenced and announcement has now been made that a mill is to be installed before the end of the year. Excellent results have been obtained from diamond drilling and development work.

25-Ton Mill at Centennial

Installation of a 25-ton mill unit at Centennial Gold Mines has also been announced. L. B. United Mines, which is financing operations at this company's property under an option agreement, recently awarded the contract for a milling plant and hopes to have it in operation inside of four months. Construction of the mill building will get under way shortly.

Excellent progress in underground development is reported by the company. No. 3 shaft has reached its objective of 250 ft. and drifting on the new horizon is under way. Underground vein exposures are said to average seven ft. in width and while sampling has not been completed an average grade of $11.50 to the ton has been indicated.

Operations at Parkhill Gold Mines continue to show improvement. Minewise the company is in a better position than ever before and during the past 10 months production has been at the highest level in its history. It is expected that the company's report for the year ending Sept. 30 1935, will reflect the increase in output. Production is currently running at about $32,000 per month.

Mining Concerns Newly Formed

Blackburn Pattison Mines—Ont. Incorp., June 28; H. O., Toronto; Author. capit., $3,000,000, par $1.

Capps Gold Mines—Ont. Incorp., July 9; H. O., Toronto; Author. capit., $3,000,000, par $1.

Cincinnati-Porcupine Mines—Ont. Incorp., July 5; H. O., Toronto; Author. capit., $2,500,000, par $1.

Hutchison Lake Gold Mines—Ont. Incorp., June 27; H. O., Toronto; Author. capit., $3,000,000, par $1.

Lake Expanse Gold Mines—Ont. Incorp., July 8; H. O., Toronto; Author. capit., $3,000,000, par $1.

The Lost River Gold Mining Co.—Ont. Incorp., July 13; H. O. Kapuskasing, Ont.; Author. capit., $40,000, par $1.

Mann Consolidated Silver Mines—Ont. Incorp., July 3; H. O., Toronto; Author. capit., $3,000,000, par $1.

Peers Placer Gold Ltd.—Ont. Incorp., July 8; H. O., Toronto; Author. capit., 1,000,000 shs., n.p.v.

Trinova Cobalt Silver Mines—Ont. Incorp., July 11; H.O., Toronto; Author. capit., $1,500,000, par $1.

Merged

Split Lake Gold Mines—Ont. Incorp., Nov. 16, 1934; name changed from Koch Daneff Mines, July 16, 1935.

Stratton Lake Mining Co.—Ont. Incorp., July 11, 1934; name changed from Swayze Gold Field Ltd., July 8, 1935.

Charter Surrendered

Gold Centre Porcupine Mines—Ont. Incorp., March 8, 1928; Aug. 6, 1935, set as date for surrender of charter.

Is This Key to Cariboo?

Introduction of Australian "Deep Lead" System at Lightning Creek Focuses Attention on Famed Placer Area

From Our Own Correspondent

VICTORIA.—Up in the Cariboo district of British Columbia there are millions of dollars worth of placer gold hidden in the ancient and present beds of the creeks and streams. Geologists of the provincial university have estimated that yellow metal to the value of $300 millions is possible of recovery, and this figure, they stated, was reached after making a conservative estimate, then cutting the result in half and repeating a second time.

Last Rush in '60's

This is not a new conclusion. It was reached more than a decade ago when, for many years, small operations had been recovering relatively small amounts of gold. Since then small operations have continued productive, but since the gold rush of the sixties there has been no really spectacular recovery. Now the mining fraternity is again watching the results of operations in the district with renewed interest, brought about in the first place by establishment of Cariboo Gold Quartz and Island Mountain as producing lode mines, both of which are grossing between $40,000 and $50,000 a month.

30 Years of Grief

Among the many rich creeks of the Cariboo there was one, Lightning Creek, that attracted more attention than the others. For 30 years efforts were made to operate successfully there, and those 30 years were filled with as much grief as any mining camp has known. Today Lightning Creek appears to be coming to its own. It is too early to say that the big moment has arrived, but it can be forecast with more reasonable certainty than ever before that the big moment is not far away. A few months will tell whether the new method of mining being introduced there is to mark a big step forward not only in the mining of the Cariboo but in British Columbia and Canadian production.

What is happening today at Lightning Creek is amazing, so much so that if printed in a prospectus issued for the raising of funds, Security Fraud Prevention Act officials would waste no time in putting their agents to work. Permission for circulation would probably be refused. But the operating company is privately and adequately financed. There has been no public subscription since the present company was formed and, it is claimed, there will be none. British capitalists have put up the necessary money and they are prepared, it is said to put up more. It is understood the company has cast aside the element which some years ago brought it considerable criticism.

Greatest tribulation of the early pioneer was in the form of "slum," a stratum overlaying the auriferous gravels. This "slum," a clay-like formation saturated with water, was like a huge tank of molasses which when the tank bursts flows with an irresistible force engulfing everything in its path. The "slum" could not be shovelled away and it could not be pumped, for the fine, gritty particles made short work of the moving parts of any pump that was installed. Once tapped, this flowing mass invariably brought disaster.

Send For MacKenzie

It was a year ago that a change came. For years British subscribers had been putting more and more money into the project. There was no question about the gold being there, but they were tired of pouring funds into a bottomless abyss. Promotional activity had brought the company into conflict with authorities. In desperation they gathered together and decided to send their own engineer out to British Columbia to report on the situation and see if something could be done. D. Campbell MacKenzie was commissioned to undertake the task.

In July, last year, Major MacKenzie arrived on the scene accompanied by several of the company's leading shareholders. With those of able consultants and recognized authorities, he submitted his report and recommendations. The result was that his suggestions for large-scale development were adopted, with adequate funds provided.

Cancelling other contracts, he became general manager and technical adviser for Consolidated Gold Alluvials of British Columbia.

Suck Out Water

In the problem of handling the Cariboo "slum," Major MacKenzie found that the material, robbed of its high water pressure, became an inert, lifeless material, in consistency much like cheese, that could be safely mined. This "slum," he found, had the same characteristics as the "silt" that is associated with the auriferous gravels in the Australian placer fields, so it is not unnatural that his development plans call for much the same treatment that proved successful in the southern dominion.

Major MacKenzie is now applying the Australian or "deep lead" method of mining in the operations of Consolidated Gold Alluvials. This system has never been tried before in British Columbia, or elsewhere on this continent for that matter. The mining fraternity therefore is awaiting the outcome with great interest.

If it proves successful, the deep lead system will make the gravels of the Cariboo again one of the greatest sources of placer gold supply in the world. Lightning, Antler, Keithley, and Williams creeks are but a few of the channels in the Cariboo that yielded millions in gold under the primitive methods in that costly age of operation 75 years ago. There are hundreds of miles of creek beds, known to be rich in gold, that are awaiting a practical, large-scale method of operation.

Australian Method

In the Australian method of "deep lead" mining, the de-watering of the gravels before mining is the primary consideration. This is accomplished by sinking a shaft in the country rock to 30 or 40 ft. below the pay dirt. Then a slightly sloping bore is driven under the gravels that are to be mined. This drive becomes the "gutter" and at regular intervals holes are driven upward through the bedrock to completely drain the gravels that are to be worked. When de-watering has been completed by pumping out the gutter, another shaft is sunk to bedrock and mining of the gravels is undertaken by pushing another drive through the gold-bearing stratum. In this way, Major MacKenzie believes, the "slum" by de-watering will be robbed of its menace, and there is no need for removal of the overburden which, at present operations, is 140 to 160 ft. thick.

This test of the "deep lead" system is being carried out on a large scale. The company's leases are situated over a 24-mile stretch of Lightning Creek. Operations centre at Wingdam, 32 miles from Quesnel on the main road from Quesnel to Barkerville. About 150 men are employed by the company at present.

Main operations now centre at the Melvin shaft and at the Sanderson mine. The Melvin shaft bottoms at 276 ft. and driving of the gutter is well under way, with 4,000 gallons of water being pumped out every minute. It will be some months yet before dewatering is completed and mining started.

Sanderson Mine

The Sanderson mine is purely an exploratory and test mine, but it is a most interesting and unusual project. It was here that de-watering of the slum was tested, and when the writer was there recently men were digging in the de-watered material with complete safety. More than 3,000 ft. of tunnel had been driven and men were working on half a dozen faces, some in pay dirt and some simply digging to find what lay beyond. Tunnels were timbered closely behind the miners, the props being supplied by the company's own mill near by. Two women accompanied the party and neither needed the rubber coats that they had donned to protect their dresses from possible dripping water, although turbulent Lightning Creek was roaring past only 130 ft. overhead.

The Sanderson mine does not bottom on bedrock; in fact, it is not known just where bedrock lies in that vicinity, but the gravels are heavily impregnated with coarse gold, believed to be of pre-glacial origin. The mine is yielding between $3,400 and $4,000 at each weekly clean-up. Everything mined, known pay dirt and otherwise, is being sluiced and the present average yield is $3.25 per cubic yard.

In conjunction with operations an active drilling programme is being carried out. Two Keystone drills are checker-boarding the leases. The average value for six lines of holes was 282 dwts. per square fathom and Major MacKenzie estimates production costs at 13.5 dwts. per square fathom. Since that average was computed some months ago, the figures have mounted steadily and a hole being drilled during the writer's visit was panning ten cents in gold to six inches of hole at 30 ft. depth.

Estimating Costs

Any estimate of probable production must be surrounded by many qualifications which may be so important in their aggregate as to eliminate the estimate entirely.

Estimating mining costs at $20 per square fathom and with gold selling at $30 an ounce, Major MacKenzie, on the basis of 50 square fathoms a day, expects the Melvin mine to show a gross profit of $1,050,000 a year if the values are only 60 dwts. per square fathom. Beyond that Major MacKenzie will not go.

Time will tell and it will be relatively short as time goes in the development of mines. Meanwhile the project is well worth watching for what it means to Canadian mining and Canadian gold production. It may pave the way to establishment of the Cariboo as another Rand.

Lead and Zinc

Base Metal Prices Climbing Under Heavy Buying—New Production Record For Canada in 1935 Indicated

As predicted by The Financial Post early in March, lead and zinc prices have shown improvement in recent months and at the same time Canada has strengthened her position as a leading world producer of these metals.

Since the first of the year the London price of lead has risen from £10 12s. 6d. per ton to £15 2s. 6d. at the present time, and the price of zinc from £11 17s. 6d. to £14 5s. per ton.

The main cause of this rise in price has been speculative buying in the expectation that the United Kingdom import duties will be modified in the near future. Heavy buying from speculative sources has aroused considerable interest.

Under the Ottawa trade agreements, the world price of British Empire lead and zinc is based upon the London Metal Exchange price for foreign metal on which a 10 per cent ad valorem duty is chargeable. The result has been that in 1934 buyers held off the Metal Exchange and this along with distress selling of foreign metal depressed prices. Several protests have been made by Empire producers against this situation and attempts have been made by the Imports Advisory Board to remedy the situation, but no scheme acceptable to the trade was evolved until recently.

To Revise British Duties

In the finance bill for the current year the Chancellor of the Exchequer introduced a clause enabling a change in the duty to be made. It is stated that the new duties will be a flat rate of 7s. 6d. per ton on lead and 12s. 6d. per ton on zinc.

Speculative buying of lead and zinc in expectation of the change in the duty has not, however, been the only factor in the rise in price. To this must be added a record trade demand, particularly for building, a revival in armament manufacturing in many countries, and some demand to hold lead and zinc from those anxious to hedge currency.

British Consumption

Some idea of the effect of the British building boom upon consumption of lead can be realized if the figures of 1929 and 1934 are compared in Britain and the United States. In 1929 American consumption was 660,000 metric tons against 274,000 in Britain. In 1934 the figures were 334,000 tons for Britain and 302,000 tons for United States. The present rate of consumption in Britain is running at about 360,000 metric tons for 1935.

A building boom in the United States and other parts of the world would result in a sharp jump in consumption as it has in Great Britain. Although the British building boom by private enterprise has probably passed its peak, armament demand is still strong and likely to increase should Ethiopia and Italy go to war. Moreover, the slum clearing programme of the British government will supplement the activities of private building enterprise. Demand for industrial purposes the world over may be expected to recover further.

Supply and Demand Balance

The British Metal Corp. in a recent survey of the base metal situation concludes that "Future demand (which, it is assumed, must recover further with time) is unlikely to be fully met at prices lower than those now ruling. The situation is different from that in copper in which, until restriction, large low cost mines were being brought into production at a faster rate than consumption was expanding. There is certainly a large potential increase in output, both in lead and zinc, but much of it will not be forthcoming except at higher price levels than today's.

"If the figures available for the first four months of this year are any guide, supply and demand for both metals now seem in fair equilibrium. Stocks are not large. Zinc stocks would meet about one and a half month's needs—this is no more than a necessary working tonnage; lead stocks are about one month's supply in excess of working needs. These positions are healthy, and the immediate outlook does not suggest that the balance will be upset."

Production Increases

As to production it is to be noted that output of lead and zinc is increasing. The 1929 totals, both for lead and zinc, were the highest reached. The 1934 totals are, however, not far short of them owing to the growth of production in Yugoslavia, Canada, Newfoundland, Australia, Russia and the United Kingdom. These are the countries in which the newer deposits have been developed. World production of lead and zinc outside the United States in 1934 was 991,000 and 983,000 long tons respectively as compared with 1,068,000 tons and 1,030,000 tons in 1929.

The British Metal Corporation's review points out that the newer mines have been brought in at low prices, and it is unlikely that they will increase greatly at higher prices. It is therefore more particularly to the old mines to which we must look for increased output.

Effect of Silver Prices

The British Metal Corp. expresses the opinion that the rise in the price of silver in 1934 and in 1933 has not been an important cause of the big expansion in lead production, although it meant a welcome increase in revenue for the producers of lead-silver ores. Approximately 40 per cent of the world's production of silver in 1934, outside the United States, came from mining lead-silver ores in which lead is regarded as the main product, silver, the by-product. The chief countries producing such ores are Mexico, Burma, Canada and Newfoundland. In Mexico the benefit of the high price of silver is cut in half by taxation, while the mines in other countries are low-cost mines, which work profitably at the low metal prices of 1934, and present outputs would probably have been attained even if there had been no rise in silver prices.

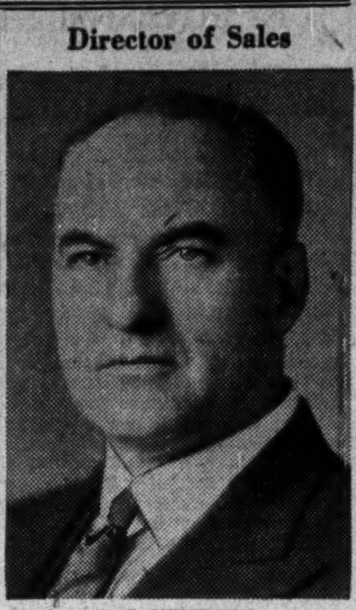
Canada's Output Increasing

Turning to Canada we see production rising in the current year although 1934 was a record year for both metals. While figures for the first six months are not available, it can be definitely stated that production was higher than in the corresponding period of 1934. Indications are that the records established in 1934 will be broken. In the first four months of the year lead production totalled 106,433,153 pounds as compared with 104,441,939 pounds in the same period last year. Zinc production in the four-month period was 97,331,410 pounds as compared with 89,704,821 pounds in the 1934 period, an increase of 8.5 per cent. Consolidated Mining and Smelting Co., the largest producer of lead and zinc in Canada, produced 80,772 tons of lead in the first six months of 1935 as compared with 74,271 tons in the first half of 1934 and 57,287 tons of zinc as compared with 50,888 tons.

Nickel Output in May

Canada's nickel production in May amounted to 11,330,388 pounds; in April, 11,836,091 were produced and in May, 1934, the output was 10,033,939. During the five months ending May, 51,966,374 pounds of nickel were produced in Canada as against 49,932,038 in the corresponding period of 1934.

Director of Sales



R. S. NEWLING

Vice-president and director of H. R. Bain & Co., who has been appointed director of sales for that organization. Mr. Newling, who was born in England and educated at the University of London, has been engaged in the banking, foreign exchange and investment business for a number of years. He is a fellow of the Royal Statistical Society.

B. C. GOVERNMENT MAY TRY TO GET ANYOX PROPERTY

Seen as Part of General Move to Repossess Idle Mines

From Our Own Correspondent

VANCOUVER.—Faced with the prospect of having another big property idle in British Columbia for an indefinite period as a result of the shutdown of Granby Consolidated Mining & Smelting Co. operations at Anyox, the British Columbia government is considering the possibility of obtaining power to re-possess all mineral properties whose owners cannot operate them.

The government would not seek such power in the case of mines only temporarily closed because of market conditions or some other transient cause, but in the event of the shutdown being to all intents and purposes permanent the government feels that the public should re-assert its claim to the property so that the area might be sold or leased to some other concern able to operate it in a different fashion.

Intimation that the Anyox shutdown is to be permanent has prompted the government to ask for a thorough survey of the mineral potentialities of the property. If, as reported, there is some 50,000,000 pounds of copper still at Anyox, the government feels that this should not be left undeveloped indefinitely just because its present owners do not feel inclined to resume production. Low price of copper was the determining factor in the Anyox shutdown, but government officials believe that a rise in price might make small scale operation profitable again.

May Take Over Smelter

Negotiations are also in progress with Consolidated Mining & Smelting Co. with a view to having Smelters take over the Anyox smelter and operate it in connection with its contemplated large-scale operation at Big Missouri. It is also believed that the Anyox plant could be used as a customs smelter for many of the smaller properties in the northwestern section of British Columbia.

A case somewhat similar to that at Anyox was the shutdown of the Corbin collieries following labor troubles last winter.

Morris Kirkland Gold Discovers New Ore Body

Morris Kirkland Gold Mines reports that a new ore body has been discovered in 704 drift on the bottom level west of the shaft. Assays have yielded excellent results, the average assay being $16.27 over 23 inches.

The company also reports that ore reserves have been added to materially since the first of the year. Most of the ore has been located east of the shaft, with good grade and widths on the 125-ft. and 500-ft. levels.

Three rock drills and one diamond drill are operating steadily underground. On the 125-ft. level one drill is exploring a lean section of the main vein between No. 2 and No. 3 ore shoots. Approximately midway between these two shoots an interesting mineralization was uncovered on the north wall of the drift.

On the 500-ft. level a short crosscut is being driven on diamond drill hole No. 54. A drift will also be driven west in the hope of extending the No. 3 ore shoot which was encountered in the 502 drift to the east.

Bradian Shares Removed from Toronto Exchange

Shares of Bradian Mines, subsidiary of Bralorne Mines, are being dropped from trading on the mining section of the Toronto Stock Exchange on Thursday, August 8.

This action follows the decision made by shareholders on July 11 to merge the company's properties with those of the parent company. Bradian shares are exchangeable for Bralorne stock on the basis of one share of Bralorne for each two and one-half shares of Bradian.

The liquidator of Bradian Mines has notified the Toronto Stock Exchange that arrangements have been made with the Royal Trust Co., Vancouver, to effect the transfer. Share warrants will be issued to take care of any fraction of a share of Bralorne Mines to which any Bradian shareholder may be entitled.

Copper Production

Canadian copper production in May amounted to 35,772,440 pounds, as against 38,847,833 pounds in April and 35,680,539 pounds in May of last year. Output during the first five months of 1935 at 179,396,641 pounds was 20 per cent higher than in 1934. In May the Canadian output had a value of $2,871,975.

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At the Mines

B. C. Nickel Mines—Cores taken from the diamond drill holes in the various faces in the five crosscuts being driven from the main tunnel at the B. C. Nickel mine assayed .63 and 1.58 per cent nickel, according to an official report. In addition to drilling from the crosscuts, drilling has commenced from surface in order to disclose the extent of the ore bodies.

* * *

Dunwell Mines — The company hopes to obtain working capital to enable it to resume milling and to finance an increase in capacity from 25 to 40 tons daily. Experiments indicate that mining and milling costs aggregate $3.25 per ton. This is exclusive of development costs. Millheads are approximately $12 per ton. In future it will be necessary to ship the concentrates to Tacoma since the Anyox smelter has closed.

* * *

God's Lake Gold Mines—Eldon L. Brown, manager, reports that as at July 31, the vein was reached and at the crosscut was about five ft. in width. Drifting has begun but it is not expected that the drift will be in ore until about the end of August. The crosscut entered the vein at a point at which officials did not expect to get any mining values.

* * *

Kenora Miners and Prospectors Ltd.—Is rushing the last of the machinery for the 50-ton milling plant into the Cornucopia property on Cedar Island, Shoal Lake. Officials hope the property will be in production by the first of October.

* * *

Killeon Gold Syndicate—A deficit of slightly over $2,000 is shown in the company's working capital account as at July 13 last. Current assets at that date amounted to $53 and current liabilities to $2,116. Only surface exploration has been done on the company's property which comprises 600 acres in the Sturgeon River area.

* * *

Kirkland Gold Rand Ltd.—Inactive since 1929, operations on this company's property in the south part of the Kirkland Lake area have been resumed. The mine is to be pumped out, building repaired and new machinery installed. English financial interests have undertaken to finance the company to the production stage.

* * *

Pioneer Gold Mines—The company reports that the shaft is down below the 24th level. The present objective of the shaft sinking programme is the 26th level.

* * *

Richelieu Gold Mines—Following completion of the shaft to 275 ft., where a second level has been cut, this company plans a thorough exploration of underground conditions from this horizon. On the surface, sampling along 160 ft. across 36 inches showed an average gold content of $16, it is officially stated.

* * *

St. Anthony Gold Mines—Underground exploration, particularly on the 500-ft. level is continuing at this company's property, in conjunction with production, at the rate of 130 tons per day. At the present time millfeed is being drawn from the 250 and 350-ft. levels but to draw feed from the bottom level it will be necessary to put down another shaft to reach the ore.

* * *

Stabell Lake Gold Mines—The company's balance sheet as at Dec. 31, 1934, shows current assets of only $6 while accounts payable total $42,689. The company's property consists of 17 claims in Dubuisson twp., Quebec, immediately north of Greene-Stabell Mines, and is under option to the latter company.

* * *

Stanley Siscoe Extension Gold Mines — Shareholders of the company have been asked to meet in Montreal on August 3 to consider a by-law authorizing the sale of the assets of the company to a new incorporation. Directors hope that through the proposed reorganization sufficient funds will be obtained to liquidate present liabilities and to proceed with development. Liabilities amount to about $45,000. Under the terms of the proposed reorganization one million shares of the new company will be issued to shareholders of the old company on the basis of one new share for each three old.

* * *

Tashota Goldfields Ltd.—After a three months "running-in" period, the mill at this property is now operating at over 50 tons daily. From April 28, when the mill started, to June 30, average daily tonnage was slightly over 47 tons, with an average gold content of .442 ounces gold to the ton. Mining and milling costs have been about $6.90 and other operating costs bring the total to about $8.60 per ton.

* * *

Utica Mines—The company's balance sheet as at March 31 last shows working capital of approximately $5,000, cash on hand amounting to $5,585 and accounts payable to $606. Development expenditure to the date of the balance sheet amounted to $58,919. Development is going forward on the East and West veins on the company's property which is a silver-lead-zinc prospect near Sandon, B. C.

Highland Lass Plans Increase In Production

The balance due on the purchase price of the Highland Lass Mine, a producing silver-lead property five miles from Beaverdell, B.C., has been reduced from $5,348 at the end of February to $330 and this will be paid off early in August, H. Preston, secretary of the company, informs The Financial Post.

Cash on hand as at July 10 last is reported to exceed liabilities by $2,400. The bank balance as at that date amounted to $5,220 while outstanding cheques totalled $2,558. Other liabilities amounted to $242.

Mr. Preston also informs The Financial Post that it is the intention of the company to commence building up a reserve. A percentage of the net returns obtained from each ton of ore shipped is to be set aside in a reserve account. The following scale of percentages has been set up: 10 per cent of the net returns from ore valued at $100 per ton or less; 15 per cent over $100 and up to $150; and 20 per cent on shipments over $150 per ton.

June shipments totalled 94.2 tons and had a gross value of $11,810. After deduction of freight and smelter charges the net return to the company was $10,739. Operating costs totalled $2,588, leaving an operating profit of $8,151.

Plans are under way for an increase in production in the near future. Development is to be carried to greater depth by sinking a 75-ft. winze from the Staples tunnel.

Form Big Bend Gold For Rice Lake Area

From Our Own Correspondent

WINNIPEG.—To operate a property of 17 claims, approximately 900 acres, four and a half miles directly east of the San Antonio mine in the Rice Lake district, Big Bend Gold Mines have been incorporated.

The officers are all Winnipeg men, F. L. Furney, pres., D. H. Halparin, vice-pres.; N. W. Tracy, sec. and W. J. Lindal, K.C. treas. and solicitor. The company has an authorized capital of 50,000 shares of which 30,000 shares are treasury stock.

The company reports sufficient funds in the treasury to carry on extensive development and exploration work for the present season, which work is now going on under the direction of E. Johnson of Bisset. Preliminary exploration of the property disclosed some interesting prospects, one of which was a quartz vein 25 ft. in width and traced for a distance of 700 ft. Another vein four ft. in width has also been traced for a considerable distance.

McNeely Red Lake Makes Capital Distribution

McNeely Red Lake Holdings Ltd. has announced a capital distribution of 50 cents a share payable to shareholders of record Aug. 15, 1935.

McNeely Red Lake Holdings was incorporated in 1926 to acquire a property in the Red Lake district of Ontario which had been staked by Wm. McNeely for a group of North Bay business men. Little work was done on the property until 1933 when it was sold to McKenzie Red Lake Gold Mines which is one of the promising new producers which has commenced turning out bullion in the current year. In consideration for its property McNeely Red Lake received 1,500,000 shares of McKenzie Red Lake and $60,000 in cash. A large block of this stock was earmarked, however, to be donated to financial interests.

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"Tod" Sloan

Gust of Wind Ends Career of Noted B. C. Mining Man — Credited With Pioneer

"Dave" Sloan, known across Canada for the part he has played in British Columbia's mining history, is dead. His life, with those of three others, was snuffed out when a wayward gust of wind sucked down an airplane north of Vancouver.

Killed in the same crash, was Dean R. W. Brock, head of the Faculty of Applied Science at the University of British Columbia, and Pilot William McCluskey.

Fostered Pioneer

Although interested in a number of other mining ventures, such as Wayside Consolidated, and B. C. Nickel, David Sloan was best known for his connection with Pioneer Gold Mines, sturdy Bridge River producer, which in its early days was fostered by him in the face of enormous difficulties. It is this chapter in the life of the late David Sloan which assures for him a niche in Canadian mining's hall of fame.

Options Pioneer Ground

In 1923, when Sloan, then a comparatively obscure mining engineer, became interested in Pioneer, it was little more than a hole in the ground, and was not taken seriously by the general run of mining men. In that year, Sloan reported on the property and took an option on it for a group of New York financiers. The option was later dropped, but Sloan had faith in the property, and placed on it all his chips. So in 1924, Sloan took a five-year lease on the property from its backers, Messrs. Spencer, Wallbridge, and Boucher.

The property was an old one, but much money had been spent on it since it was staked in 1897 by Harry Atwood and William Allen. Interest in the property had staled, and money was hard to raise. But the Wallbridge syndicate raised $4,000 and Sloan raised a like amount by selling one-half his interest to J. I. Babe.

Thus with a capital of only $8,000, work on the property, which has since paid dividends of about $3 millions, was resumed.

It was found that the veins on the upper levels were narrow, and, for the sake of economy, Sloan's drifts were mere rabbit burrows. With the $8,000, Pioneer was placed on a pay-as-you-go basis, but not before many anxious moments had been passed. In this connection the story is still told of how Sloan, in 1924, appeared at a Vancouver bank, where the young company had an irritating overdraft, with a dirty old newspaper bundle under his arm.

Pays Overdraft

"I guess that will pay the overdraft," he said drily as he planked the heavy burden on the manager's desk. The manager opened the bundle and found—gold. This was Pioneer's first brick, harbinger of many others. It netted $5,263 at the Dominion assayer's office.

Since those days, David Sloan has become more widely known, having, at the time of his death, earned for himself a reputation, not only as a mine manager, but as a financier.

B.Sc. and "Tod"

Born in Perth, Ont., David Sloan graduated in mining from Queen's University, Kingston, Ont., where, in addition to the degree B.Sc., he acquired the nickname "Tod."

Ignoring the Cobalt silver camp, which, at the time of his graduation from Queen's, was the mecca of most mining men, he headed west, where, with the exception of a trip to look over the Porcupine Camp in 1910, and business trips east, he has remained ever since.

Despite the reputation he made for himself as a financier and as managing director of Pioneer Mines, "Tod" Sloan will probably be remembered in Canadian mining history as the man who, almost single-handed, made Pioneer Gold Mines.

PANDORA AFFAIRS NOW TO BE AIRED IN SUPREME COURT

Writ Arises Out of Stormy Annual Meeting in New Liskeard

The cloud of bickering and dissension which has for well over a year been hovering over the affairs of Canadian Pandora Gold Mines, has descended again, and has left the affairs of the company in a haze of uncertainty.

Trouble first started at the annual meeting of the company held in New Liskeard on Saturday, Aug. 3. This meeting, one of a series of adjourned meetings, was adjourned abruptly for two weeks, after President W. A. Taylor had declared for an investigation into irregular methods alleged to have been used in balloting. The meeting had been called to hear the report on the election of officers for the ensuing fiscal year.

Discrepancies Charged

In this report, the scrutineers, Messrs. J. E. Allin, Dr. F. L. Downing and A. G. Kirkpatrick, stated they had found discrepancies in papers deposited by Frank Farrow, prominent shareholder, whose missing ballot resulted in the first election of directors being cancelled. It was claimed that the name of one man, dead a year ago, had been introduced into the voting.

Results of the voting, as prepared by the scrutineers, announced the election of Hon. A. A. Dysart, Premier of New Brunswick; Dan Jarvis, N. E. Phipps, Douglas Mutch, H. G. McEachren and W. J. Snyder, to six places on the directorate, with J. E. Cholette and H. W. Sutcliffe tied for seventh place.

A few days after this stormy meeting, the affairs of the company were thrown into the Supreme Court through issuance of a writ by William C. Inch, New Liskeard barrister, acting for Farrow, and other shareholders. The company itself and six individuals allegedly connected with the company are named defendants. Through the writ it is sought to have a judicial recount of the ballots cast for the election of the board.

Mr. Inch also obtained from Judge Hartman an interim injunction restraining W. A. Taylor, president, H. W. Sutcliffe, vice-president, and F. L. Hutchinson, secretary-treasurer, from acting as directors, and a motion to continue the injunction until the case can come before a high court judge will be made in Toronto next Tuesday. The next sittings of the Supreme Court in Temiskaming are scheduled for November 12. Named also in the writ as defendants are Dr. F. L. Downing, J. E. Allin and A. G. Kirkpatrick, who acted as scrutineers in the recent election for directors for the current fiscal year.

Company Earnings Reports

Canada Packers Ltd.

In one of the most detailed annual reports issued in Canada for many years, Canada Packers Ltd. reports earnings of $4.48 per share on the 200,000 common shares for the year ended March 28, 1935. This compares with $5.04 a share in the preceding year. It should be noted, however, that in 1933-34 the balance of arrears of preferred dividends was paid. This actually left less available for common dividends than in the 1934-35 year.

Sales and cost figures given in the new report cannot be compared with those of preceding years which are not available. The itemized income account, however, shows the relative smallness of profits to the total volume of sales and to gross expenditures for materials, wages, etc.

Redemption of $4.6 millions of subsidiaries bonds, the last outstanding, is responsible for the reduction of working capital. Another reduction in senior securities was effected by purchase of $143,000 preferred shares for redemption.

Consolidated Income and Surplus Account
Years Ended

	Mar. 28 1935 $	Mar. 29 1934 $
Net sales	62,176,676	......
Less: Freight, etc.	2,990,019	......
	59,186,657	......
Add: Inc. from invest.	110,234	......
Profit on bonds red.	80,249	......
	59,377,140	......
Less: Cost of materials, etc.	48,335,203	......
Expenses	8,420,656	......
Prov. for losses	15,324	......
Depreciation	747,674	......
Bond interest	149,321	......
Income tax res.	363,000	......
W/o investments	27,300	......
Net profit	1,318,662	†1,429,670
Less: Pref. div.	422,287	422,268
Pref. div. arrears	......	633,404
Com. div.	150,000	......
Surplus for year	746,375	373,998
Prev. surplus	4,633,038	4,259,040
Balance carried for'd.	5,379,413	4,633,038

†After all expenses, bond interest, income tax provision for current year and additional amounts for prior years and depreciation.

Working Capital

	1935 $	1934 $
Current assets	8,737,700	9,817,020
Current liabilities	2,746,918	2,128,035
Working capital	5,990,782	7,688,985
Ratio	3.18—1	4.61—1

Balance Sheet Changes

	1935 $	1934 $
Assets:		
Inventories	5,622,945	5,933,010
Fixed assets	18,982,340	18,962,703
Liabilities:		
Funded debt	......	4,592,000
Deprec. reserve	7,580,537	6,862,580
Preferred stock	5,890,500	6,033,500

Canada Dry Ginger Ale

Canada Dry Ginger Ale, Inc., gross and net profit for the quarter and for the nine months ended June 30, 1935, are down considerably from the totals shown for the same periods of the preceding year. After depreciation there is an actual deficit for the quarter and only two cents a share on common stock for the nine months as compared with 78 cents a share for the nine months ended June 30, 1934.

P. D. Saylor, chairman of the board, attributes the decline in profits to increased taxes. In the nine months under review tax levies had cost the company $102,421. The new corporate taxes were not to raise revenue for retirement of debt but to finance social change.

So far as the alcoholic beverage department is concerned, the company reports gradual improvement with added lines being offered. The department showed a profit over the entire period since the company entered the business.

Consolidated Income Account
Three Months Ended June 30

	1935 $	1934 $
Gross profit	1,312,808	1,583,839
Less: Sales expense	1,282,626	1,335,292
Operating profit	30,182	248,547
Add: Other income	24,992	30,841
Net income	55,174	279,388
Less: Customers' discts., bad debts res. & miscellan. deprec.	62,849	54,515
Interest	1,522	4,088
Est'd inc. taxes	†2,994	17,710
Net profit	*85,810	139,242
†Credit. *Loss.		
Earnings per Share:	nil	$0.27

Consolidated Income Account
Nine Months Ended June 30

	1935 $	1934 $
Gross profit	3,534,133	3,895,177
Less: Sales expense	3,233,745	3,196,113
Operating profit	300,388	699,064
Add: Other income	61,638	93,449
Net income	362,026	792,513
Less: Customers' discts., bad debts res. & misc.	178,898	183,070
Depreciation	156,040	151,443
Interest	4,466	9,061
Est'd inc. taxes	11,981	50,200
Net profit	10,641	398,739
Earnings per Share:	$0.02	$0.78

Note—Certain trade discounts were last year considered selling expense; this year they are, we believe, more properly deducted from sales. Last year's figures have been adjusted accordingly.

Wabasso Cotton

Wabasso Cotton Co. and subsidiaries consolidated gross income of $872,082 for the year ended June 29, 1935, as compared with $815,590 in the previous twelve months. Operating profit at $809,370 shows an increase of approximately $57,000 over the 1934 fiscal year, while interest on investments advanced about $2,000 to $62,000. After taking care of depreciation, bond interest, sinking fund, and other charges, net earnings at $147,630 were equivalent to $2.11 a share on the common stock, as against $2.10 a share in the preceding year. This amount was added to earned surplus.

The balance sheet as at June 29 last shows an increase in net working capital of around $230,000 to $1.35 millions. A bank loan of $150,000 was liquidated during the year, while the funded debt was reduced by $140,000 to $3.62 millions.

A change in accounting methods by which the depreciation reserve is charged directly against property account, reduces total assets on the balance sheet from $13.4 millions to $9.6 millions. Among the assets investments show a minor increase, while cash on hand is up from $48,913 to $236,785.

Income and Surplus Account
Years Ended

	June 29, 1935 $	June 30, 1934 $
Operating profit	809,370	752,875
Interest on invest.	62,712	60,715
Gross earnings	872,082	813,590
Depreciation	392,400	388,400
Bond interest	226,482	233,517
Sinking fund	34,950	32,710
Bond discount	*70,619	12,219
Net earnings	147,630	146,743
Previous surplus	†224,109	124,279
	371,739	271,022

*Includes directors' fees and tax reserve.
†Less adjustments of $21,913 and capital surplus of $25,000.

Working Capital

	1935 $	1934 $
Current assets	1,958,495	1,972,822
Current liabs.	602,941	851,069
Working capital	1,355,554	1,121,753

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Agnew Surpass

Net profit of Agnew-Surpass Shoe Stores, Ltd., in the fiscal year ended May 31, 1935, was equivalent to 52 cents per share on the issued common stock after full dividends on the preferred. Forty cents per share was paid on the common, and in addition a bonus of 20 cents a share has been declared payable Sept. 1.

Consolidated Income and Surplus Account
Years Ended May 31

	1935 $	1934 $
Gross sales	2,357,600	2,254,429
Gross earnings	160,853	147,779
Less: Depreciation	28,963	30,572
Prov. for taxes	19,473	15,194
Directors' fees	1,200	......
Net profit	111,217	102,013
Add: Profit on invest.	10,129	......
Misc. adjust.	1,752	......
	123,098	102,013
Less appropriations:		
Pref. dividends	70,000	70,000
Com. dividends	32,000	16,000
Less: Subs. co's. portion	3,088	1,950
Surplus for year	24,186	17,963
Add: Prev. surplus	273,311	255,089
Inc. tax adjust., prior period	1,207	369
Less: Sundry adjust.	......	110
Bal. carr. forward	296,291	273,311

Working Capital

	1935 $	1934 $
Current assets	1,247,140	1,237,432
Current liabilities	159,885	176,630
Working capital	1,087,255	1,060,802
Ratio	7.84—1	7.01—1

Anglo-Newfoundland

Anglo-Newfoundland Development Co., operating a large newsprint mill in Newfoundland controlled by Lord Rothermere and associates, reports profits for 1935 at $1,297,500. This compares with $1,225,722 for the previous year.

An interim dividend of 2½ per cent was paid in February last and the final dividend of 3½ per cent has now been declared.

According to Frank Humphrey, president, who presided at the annual meeting, excellent results have been obtained from the company's pulpwood, the yield per cord being well above the average owing to the nature of its growth.

Reference was made by the chairman to the arrangement with a long-established American firm which specializes in development of purified cellulose from wood. He said:

"They have, through research development work, evolved several products which would seem to offer very attractive possibilities. Furthermore, I would say that this American firm is in our view easily the leader in this particular field. As a result of this transaction we have secured for ourselves exclusive rights for a period of years to manufacture, produce, use and sell throughout the British Empire, exclusive of Canada, the products which they have developed or may later develop in this field. We feel that this arrangement should prove a very desirable one and has great potentialities."

Frank Clarke, vice-president of the Anglo-Canadian Pulp and Paper Mills, has retired from the board of Anglo-Newfoundland Development Co., owing to increase in pressure of his work.

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Mining Reports

Reward Mining Co.

Reward Mining Co. in its annual report for the year ended May 31, 1935, reports working of capital of $5,834, current assets amounting to $6,615 as against current liabilities of $781. Accounts receivable total $5,894. Of this amount, $3,319 represents the company's expenditure on Mary Reynolds Mines and is to be repaid in shares valued at 7½ cents per share.

Shares in other companies are shown at a cost of $4,621. In this connection it is pointed out that while 23,964 shares in Island Mountain Mines are shown at the nominal value of $1, the average price received for 26,034 shares sold was better than 62 cents per share.

During the year reviewed by the report the company maintained a diligent search for a worthwhile mining prospect and in this connection a large number of properties in various parts of Canada were examined, J. Duff Stuart, president, states. The net result is that the company is concentrating development on two properties.

One is a gold property in Quebec, 13 miles due west from Noranda. Surface trenching has disclosed commercial low grade ore up to 40 ft. in width with neither wall yet reached. Diamond drilling is being carried out at the present time.

The second property under development is a placer gold property comprising six leases situated at Boyd and Norton Creeks, about five miles northeast of Cottonwood House, B.C. Gratifying results have been obtained from this property to date, the president reports.

Expenditure Account
As at May 31, 1935

Cost of Properties:	
Upon which options have been given	5,845
Held under option	630
Owned by the company	1,648
	8,123
Prospecting Expenditure:	
Assays	921
Prospecting expenses	17,337
Equipment	1,249
Examinations	13,160
Freight and transportation	745
Licenses and assessments	1,503
Surveys	3,235
Travelling exps.	2,167
Workmen's compensation	547
Cost of properties abandoned	17,285
	58,149
Administration and Overhead:	
Advertising	1,948
Audit fees	617
Accounting	1,165
Interest and exchange	102
Legal expenses	3,694
Postage, telegraph, telephone	1,001
Salaries	10,217
Stationery and office exps.	2,129
Transfer fees	211
Incorporation exps.	944
	22,028
Total expenditure	88,300
Less Receipts:	
Proceeds on properties sold & options	29,031
Profit on sale of trustee shares	975
Discount on purchases	63
Transfer fees	36
Total receipts	30,105

Shares Held in Other Companies

Island Mountain Mines	23,964
B. C. Cariboo Gold Fields	2,500
Federal Gold Mines	16,935
Atlas Gold Mines	14,666
Bridge River Motherlode	150,000

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Halliwell Gold Mines

Cash on hand of $4,518 and current liabilities of $75 is shown by the balance sheet of Halliwell Gold Mines as at June 10, 1935, leaving a working capital of $4,443.

Development expenses to Dec. 31, 1934, totalled $11,866 while engineering expenses amounted to $460. Administration and general expenses totalled $5,310.

Of an authorized capitalization of 3,000,000 shares, par value $1 each, 1,148,712 shares have been issued and 51,350 shares paid for but not issued. Of the issued capitalization 1,000,000 shares were issued to the predecessor company, Halliwell Mines and are pooled until March, 1936.

The company reports that 2,500 ft. of diamond drilling has been completed since Sept., 1934.

Gold Recoveries

A deficit of $2,246 in working capital account as at April 30 last is reported by Gold Recoveries (Cariboo) Ltd., cash on hand amounting to $5 and current liabilities to $2,251.

During the period from Feb. 24, 1934, to April 30, 1935, development account expenditure amounted to $7,092. Of this amount, $2,402 was expended on development while head office expense amounted to $4,318.

The company's property which was acquired from Yank's Peak Syndicate early in 1934 is at present inactive, work having been suspended in October last. Negotiations are being carried on for further finances.

Of an authorized capitalization of 2,000,000 shares, no par value, 585,400 shares have been issued.

Development Account
Feb. 24, 1934, to April 30, 1935

	$
Wages	1,429
Engineering salaries	25
Camp supplies	612
Transportation	216
Workmen's compensation	168
Assay expense	18
Depreciation	35
Head office exps.	4,318
Misc. exps.	271
	7,092

Working Capital
As at April 30, 1935

	$
Current assets	5
Current liabilities	2,251
Excess of liabilities	2,246

McGillivray Creek Coal

McGillivray Creek Coal and Coke Co. reports a net profit of $26,135 in the year ended Dec. 31, 1934. Operating profit for the period was $79,260.

Despite expenditures on plant expansion the company's cash position was well maintained, cash on hand at the end of the year amounting to $160,023. Current assets totalled $294,635 as against current liabilities of $42,088, leaving a working capital of $252,547.

L. A. Campbell, president, states that while plant improvements, which include a coal drying plant and a wet washing plant, will substantially increase the cost of preparation, the company expects that the greatly improved product will enable it to enlarge its sales. It will, however, take a considerable period of time to build up an increased market, even with the superior grade of fuel which the company will be producing, he says.

During 1934 the Consolidated Mining and Smelting Co. acquired a substantial stock interest in the company. As a result of this interest the company has been able to enter into a contract with the Canadian Pacific Railway for the supply of part of their fuel requirements.

Profit and Loss Statement
Year Ended Dec. 31, 1934

	$
Profit from operations	79,260
Add interest earned	8,285
Net earnings	87,545
Less: Depreciation	35,356
Depletion	18,719
Fees to chm. of board	3,600
Dom. income tax	3,734
Net profit	26,136
Less: Previous deficit	508,874
Dom. income tax adjust.	751
Prov. income tax adjust.	3,204
Deficit carried forward	486,693

Working Capital
As at December 31

	1934 $	1933 $
Current assets	294,635	284,522
Current liabilities	42,088	26,309
Working capital	251,747	258,213

Mining Stock Quotations

Week Ending August 5.

Par Val.	Range 1935 High	Low	Company	Sales	Close July 29 (or last)	High for week	Low for week	Close Aug. 5
1	.74	.38	Afton	37,300	.67	.68	.65½	.66
No	.11	.04	Aldermac	100	.04½	.05	.05	.05
1	.02½	.01	Alexandria	5,000	.01	.01½	.00¾	.01½
No	.57	.40	Algold	1,000	.50	.50	.48	.48
No	.08½	.02½	Algoma	3,600	.03½	.03½	.03½	.03½
No	4.50	3.70	Anglo-Huronian	339	4.10	4.00	3.90	4.00
No	.04	.01½	Arno	500	.02	.02½	.02½	.02½
1	.32	.09	Ashley	1,000	.10	.10½	.10	.10½
1	.08	.02½	Astoria Rouyn	14,000	.04	.04½	.04	.04½
1	.14	.03	Bagamac	9,200	.04	.04	.03½	.03½
1	.08	.02½	Barry Hollinger	6,000	.03½	.03½	.03	.03
1	.94	.39	Base Metals	8,700	.62½	.64	.60	.60
1	.74	.14	B.E.A.R.	111,716	.68½	.74	.65	.73
No	2.16	1.27	Beattie Gold	455	1.64	1.59	1.50	1.56
1	.75	.30	Big Missouri	7,925	.52	.56	.50	.53
1	.38	.18	Bobjo	6,400	.20	.20½	.19	.19½
1	2.95	1.50	Bradian	119	2.25	2.08	2.08	2.08
No	12.50	4.30	Bralorne	860	5.40	5.30	5.10	5.30
1	.61	.20	Brazil Gold	10,400	.47	.45	.40	.40
1	.03	.01½	Brett Trethewey	......	.01½	......	......	......
50c.	.24	.07	Bridge River Ex.	......	.10	......	......	......
1	.03	.01	Brownlee	9,000	.01½	.01½	.01½	.01½
1	3.50	2.50	Buffalo Ankerite	2,250	2.75	2.71	2.60	2.60
No	.03½	.01½	Buffalo Can.	500	.01½	.01½	.01½	.01½
5	38.15	33.75	Bulolo Gold	1,500	35.00	35.00	34.75	35.00
No	.07½	.03	Bunker Hill	8,900	.07½	.07½	.07½	.07½
No	.02	.01½	Canam Metals	......	.01½	......	......	......
1	.03½	.01	Can. Kirkland	......	.01½	......	......	......
No	.75	.54	Can. Marlartic	10,850	.63	.63	.61	.61
1	1.50	.95	Cariboo Gold	200	1.05	1.05	1.00	1.00
1	.05½	.02	Cartier Malartic	......	.02½	......	......	......
1	1.34	.55	Castle Trethewey	7,050	1.03	1.03	.96	.96
1	.07½	.02½	Cen. Manitoba	6,000	.05½	.05½	.05	.05
1	1.79	1.12	Cen. Patricia	12,130	1.71	1.71	1.68	1.68
No	.27	.08	Chibougamau Pros.	20,650	.16½	.17½	.15½	.16
No	.06½	.03	Church M. & Mill	11,000	.05½	.06½	.05½	.06
No	.08	.02	Clericy	39,125	.04½	.04½	.03½	.04
5	3.25	1.50	Coast Copper	100	2.05	2.00	2.00	2.00
1	.08	.01½	Cobalt Contact	6,500	.02½	.02½	.02	.02
No	.15	.02½	Columario	......	.02½	......	......	......
5	3.60	2.25	Coniagas	225	2.60	2.50	2.50	2.50
No	2.60	1.35	Coniaurum	660	1.70	1.90	1.60	1.90
25	184.75	125.50	Cons. Smelters	905	169.00	169.00	167.00	167.00
No	44.00	34.50	Dome Mines	1,320	38.00	38.25	36.50	37.25
†	.10	.04	Dom. Explorers	250	.04½	.04	.04	.04
1	.17½	.08½	Duparquet	19,050	.10	.11	.10	.10
1	2.93	1.02	Eldorado	18,895	1.90	1.86	1.72	1.72
No	4.10	3.25	Falconbridge	13,050	3.90	4.01	3.90	3.91
1	.04½	.02	Federal	2,500	.02	.02½	.02½	.02½
No	.16½	.05	Francoeur Gold	10,968	.13½	.14	.12½	.12½
1	.38	.31	Franklin Gold	34,600	.36	.38	.35	.35½
1	.45	.09	Gabrielle	5,500	.12	.12½	.09	.11
No	.03½	.01½	Gilbec	6,000	.01½	.01½	.01½	.01½
No	2.24	1.24	God's Lake	40,710	1.71	1.70	1.50	1.54
1	.20	.11	Goldale	700	.13	.12½	.12½	.12½
50c	.46	.25	Gold Belt	......	.25	......	......	......
10	.19	.10	Goldfield	......	.14	......	......	......
1	.15	.04	Goodfish	1,000	.07	.08	.06½	.06½
1	.07	.02	Graham Bosquet	500	.02½	.03	.03	.03
1	.40	.17	Granada Gold	4,333	.21	.23	.21	.22
No	.12	.05½	Grandora	500	.06	.06	.06	.06
1	.45	.17	Greene Stabell	6,450	.20½	.20½	.19½	.20
1	.05	.02½	Groselle	4,000	.02½	.03	.02½	.02½
1	.10	.05	Grull Wihksne	......	.05	......	......	......
1	.97	.48	Gunnar Gold	14,960	.74	.76½	.70	.70
1	.08½	.02	Halcrow Swayze	......	.02½	......	......	......
1	.10	.04	Harker	2,000	.06	.05½	.05½	.05½
5	20.25	12.70	Hollinger	2,370	13.95	13.95	13.50	13.75
1	1.10	.65	Howey Gold	4,405	.72	.78	.71	.78
No	16.00	11.50	Hudson Bay	390	15.62	16.00	15.62	15.75
1	15.35	12.25	Inter. Mining	......	12.25	......	......	......
1	6.50	5.00	Do., Pur. Warr.	......	5.00	......	......	......
No	29.12	22.25	Int. Nickel	6,562	28.25	28.37	37.50	28.37
100	130.75	125.00	Do., pref.	......	125.00	......	......	......
1	.20	.11	J. M. Cons. Gold	9,000	.17½	.17	.15	.16
1	.75	.55	Kerr Lake	......	.75	......	......	......
1	.31	.20	Kirk. Hud. Bay	1,100	.24	.23	.20	.20
1	.01½	.00½	Kirk. Hunton	......	.00½	......	......	......
1	.65	.33½	Kirkland Lake	5,540	.40	.40	.37	.38
1	.33½	.12½	Kirk. Townsite	1,800	.15	.14	.12½	.14
No	.07	.03	Lake Maron	2,600	.03½	.03½	.03	.03½
1	58.00	48.75	Lake Shore	794	51.00	51.25	50.12	50.75
1	.08	.02½	Lamaque Contact	3,500	.02½	.03	.02½	.02½
1	.09½	.03½	Lebel Oro	23,800	.04	.04½	.03½	.04½
1	.08	.02½	Lee Gold	21,300	.03½	.04	.03½	.04
No	7.25	4.15	Little Long Lac	8,470	4.45	4.50	4.15	4.45
1	2.75	1.31	Macassa	38,235	1.50	1.50	1.31	1.34
1	.03	.00½	Malrobic	6,000	.00½	.01	.00½	.01
No	.10	.05½	Mandy	500	.08	.05½	.05½	.05½
No	.12½	.03	Man. & Eastern	5,800	.06	.05½	.05	.05
1	.14	.03	Maple Leaf	16,150	.04	.04	.03	.03½
5	46.00	37.00	McIntyre	405	39.25	39.000	38.00	39.00
1	1.45	1.06	McKenzie R.L.	10,800	1.25	1.35	1.20	1.20
1	.70	.40	McKinley	12½	.60	.40	.40	.40
1	.46½	.13½	McMillan	15,300	.15	.15	.14	.14
No	2.15	.45	McWatters	9,350	1.29	1.32	1.25	1.30
1	.40	.10	McVittie	1,300	.13	.13	.13	.13
No	1.50	.85	Mining Corp.	1,600	1.38	1.36	1.36	1.36
No	.21	.07½	Minto Mines	......	.08	......	......	......
1	.04	.01	Moffatt Hall	4,000	.01½	.01½	.01½	.01½
1	.16	.09	Moneta	2,000	.11	.12	.11	.11
1	.74	.47	Morris Kirk.	15,200	.70	.74	.68	.72½
1	.01½	.00½	Murphy	......	.00½	......	......	......
No	.04	.01½	Newbec	550	.01½	.02	.01½	.02
1	.04½	.00½	Night-Hawk Penn	......	.01	......	......	......
5	2.95	2.10	Nipissing	3,310	2.51	2.56	2.49	2.55
No	43.00	31.00	Noranda	6,197	38.12	38.37	37.62	38.00
No	.31	.16	Nor. Canada	1,300	.20	.20	.20	.20
1	.75	.30	O'Brien	1,800	.38	.38	.37	.37
1	.10	.04	Odsko	......	.04	......	......	......
1	.32	.18	Parkhill	4,500	.18½	.19	.18	.18
1	.04½	.01	Pawnee Kirk	500	.02	.02½	.02½	.02½
1	.30½	.16	Paymaster	136	.26	.25½	.25	.25
1	.84	.40	Pend Oreille	200	.60	.55	.54	.54
1	.83	.55	Perrow Gold	5,475	.60	.60	.55	.60
1	.09½	.01½	Peterson Cobalt	2,700	.03½	.03½	.03½	.03½
1	2.96	2.10	Pickle Crow	10,385	2.30	2.34	2.25	2.34
1	12.25	9.00	Pioneer Gold B.C.	1,635	10.65	10.65	10.25	10.25
1	.06	.03	Porcupine Crown	3,550	.04½	.04½	.04½	.04½
1	.01½	.00½	Potter Doal	......	.01	......	......	......
1	2.05	1.41	Premier Gold	6,300	1.46	1.48	1.43	1.46
1	.02½	.01	Preston E. Dome	......	.01½	......	......	......
No	3.05	1.25	Prospectors Air's.	600	1.50	1.41	1.40	1.41
1	.80	.09½	Quebec Gold	......	.66	......	......	......
No	.15	.02½	Quemont	......	.03	......	......	......
1	.98	.55	Read Authier	8,220	.88	.91	.83	.91
No	.41	.27	Red Lake	1,500	.29	.29	.27	.29
1	1.67	1.06	Reno Gold	18,675	1.16	1.20	1.06	1.20
1	.00¾	.00½	Ribago	......	.00¾	......	......	......
1	.02½	.00½	Ritchie	2,500	.01	.01½	.01½	.01½
1	.04½	.02	Robb Montbray	54,300	.02½	.03½	.02½	.02½
1	.10½	.04½	Roche Long Lac	7,200	.07	.07	.06	.06
1	5.20	3.10	San Antonio	1,396	3.45	3.46	3.44	3.46
50c	1.25	.54	Sheep Creek	3,400	.98	.95	.94	.94
1	1.00	.45	Sherritt Gordon	8,276	.60	.60	.59	.59
1	3.29	2.49	Siscoe	15,120	2.73	2.77	2.60	2.60
1	4.60	3.30	South Amer. Gold	......	3.95	......	......	......
No	.15	.03	South Tiblemont	5,000	.05	.03	.03	.03
No	.32	.13½	Stadacona	65,610	.24½	.24½	.23	.24
1	.39	.14½	St. Anthony	14,000	.16	.19	.17	.18
No	1.62	1.25	Sudbury Basin	2,625	1.40	1.50	1.40	1.45
1	.11	.05	Sudbury Contact	500	.05	.05	.05	.05
1	.07½	.03	Sudbury Mines	26,200	.05½	.05½	.05	.05
1	.89	.35	Sullivan Cons.	23,761	.82	.81	.74½	.76
1	2.70	2.00	Sylvanite	13,130	2.10	2.11	2.05	2.06
1	.67	.32	Tashota Gold	10,200	.36	.42	.32	.35
1	4.70	3.67	Teck Hughes	2,975	4.10	4.10	4.00	4.10
1	.02½	.01	Timiskaming	......	.01	......	......	......
1	1.45	1.08	Toburn Gold	1,180	1.07	1.10	1.09	1.10
1	.30½	.10	Towagamac	......	.14	......	......	......
1	.30	.10	Treadwell	......	.20	......	......	......
No	.01½	.00½	Vacuum Gas	......	.00½	......	......	......
No	.32	.03	Vanson Man.	500	.04	.04	.04	.04
No	1.07	.80	Ventures	24,975	.89½	.95	.89	.94
No	.90	.45	Waite Amulet	167	.60	.50	.50	.50
50c	.24½	.07	Wayside	8,800	.14½	.14	.12½	.12½
No	.10½	.01½	White Eagle	7,000	.01½	.01½	.01½	.01½
1	.07	.03	Wiltsey Coughlan	......	.03½	......	......	......
1	.07½	.03½	Wood Kirkland	22,216	.06½	.07	.06	.06½
No	9.90	7.25	Wright-Hargraves	6,552	7.80	7.75	7.25	7.45
No	.85	.26	Ymir Yankee	1,700	.40	.40	.35	.35
			OIL STOCKS					
No	.26	.18	Acme Gas & Oil	4,550	.18½	.19	.18	.19
1	1.09	.50	Ajax	900	.52	.50	.50	.50
No	.85	.49	Calgary & Ed.	600	.50	.50	.50	.50
1	.08	.04	Calmont	......	.05½	......	......	......
No	.05½	.03½	Common Pete	......	.03½	......	......	......
No	.38	.18	Dalhousie	800	.25	.23½	.23	.23
No	.12	.05	East Crest	......	.07	......	......	......
No	.21	.07	Erie Gas	......	.07	......	......	......
No	.35	.08	Foothills	......	.30	......	......	......
No	.80	.50	Home	600	.53	.51	.50½	.51
1	.14	.05	Homestead O.& G	......	.05	......	......	......
No	.13½	.07	Lowery	......	.07½	......	......	......
No	.27	.16	Merland	1,000	.18½	.18	.18	.18
1	.28	.18	Model	900	.20	.21½	.21	.21
5	.15	.03½	Nordon	51,500	.14	.15	.12	.13½
No	.07	.03½	Oil Selections	8,500	.04	.04	.03½	.03½
No	.06½	.03	Olga Gas & Oil	5,500	.04	.04½	.04	.04½
1	.65	.40	Petrol Oil & Gas	......	.65	......	......	......
No	27.00	18.00	Royalite	337	23.00	23.50	23.00	23.25
No	.12	.04	South West Pete	......	.04	......	......	......
No	.95	.55	Texas Can.	1,900	.80	.79	.75	.75

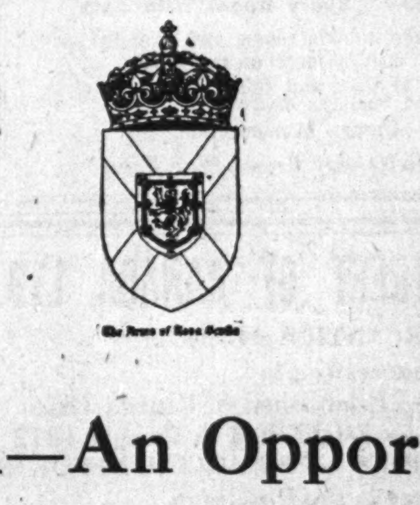
VANCOUVER STOCK EXCHANGE

Par Val.	Range 1935 High	Low	Company	Sales	Close July 26 (or last)	High for week	Low for week	Close Aug. 3
1	.02½	.01½	Alexandria	......	.01½	......	......	......
No	.16	.00½	Atlin Pacific	......	.00½	......	......	......
25c	.01½	.00½	Bayview	......	.00½	......	......	......
20c	.10½	.04½	Beaver Silver	7,300	.05½	.05½	.05½	.04½
25c	.02½	.01	Bluebird	......	.01½	......	......	......
1	2.80	1.50	Bradian Gold	450	2.20	2.20	2.05	2.10
No	12.25	4.40	Bralorne	1,217	5.60	5.55	5.30	5.30
1	.08½	.03	Bridge River Cons.	500	.03	.03	.03	.03
50c	.24	.07½	Bridge River Exp.	5,100	.09½	.10	.09	.09
1	.55	.20	B.C. Nickel	26,750	.29	.30	.20	.24
1	1.68	.90	B.C. Silver	400	1.65	1.75	1.65	1.65
10	43.00	43.00	Bunker H. Sullivan	......	43.00	......	......	......
50c	.10	.03	Canadian Rand	......	.03	......	......	......
1	1.50	.95	Cariboo Gold	3,205	1.00	1.00	.95	.95
No	14.00	12.50	Coast Breweries	120	13.50	13.75	13.75	13.75
1	.54	.21	Congress Gold	8,200	.32	.32½	.30	.30
1	.07	.03	Cotton Belt	1,000	.03	.05	.05	.05
25c	.00½	.00½	Cork Province	......	.00½	......	......	......
1	.01½	.01	Dalhousie Mines	......	.01	......	......	......
No	.95	.25	Dentonia	23,550	.26	.27	.25	.25
No	.06½	.01	Dictator	......	.01	......	......	......
1	.17	.03	Dunwell	1,500	.04	.03½	.03	.03½
No	.16½	.01	Fairview Amal.	500	.08	.07½	.07½	.07½
50c	.44	.28	Fawn Mining	3,850	.30	.30	.30	.30
1	.13	.05	Federal Gold	20,400	.12½	.11	.09	.10
1	.20	.12	George Copper	200	.20	.16½	.16½	.16½
50c	.07	.03	George Enterprise	......	.05	......	......	......
1	.01	.00½	Georgia River	2,000	.00½	.00¾	.00¾	.00¾
50c	.06½	.01	Glacier Creek	......	.01	......	......	......
1	.42	.16	Golconda	6,500	.18	.17	.16	.17
5c	.20	.11	Golconda Ex.	......	.20	......	......	......
50c	.45½	.24	Gold Belt	1,100	.26	.26	.25	.25
50c	.19	.07	Gold Mountain	2,000	.13½	.13½	.11½	.11½
50c	.04½	.01½	Grandview	500	.02	.02	.02	.02
No	.24	.02	Grange Mines	24,000	.02½	.02½	.02	.02
1	.10	.05	Grull Wihksne	1,000	.05½	.05	.05	.05
No	.08	.03	Haida Gold	......	.03	......	......	......
25c	11.50	6.40	Hecla	......	11.35	......	......	......
50c	.26	.18	Hedley Amal.	6,500	.19	.22	.19	.21
No	.12	.04	Hedley Sterling	......	.06	......	......	......
1	.02	.01	Hercules Cons.	......	.01	......	......	......
No	.12½	.04	Home Gold	4,500	.04	.04½	.04½	.04½
1	.01½	.00½	Independence	......	.00½	......	......	......
1	.01	.01	Indian Mines	......	.01	......	......	......
1	.20	.17	Inter'tl Coal	......	.20	......	......	......
50c	.87	.68	Island Mountain	29,949	.86	.96	.84	.90
50c	.72	.33	Kootenay Belle	1,900	.34	.34	.33	.34
25c	.01½	.00½	Koot. Florence	......	.00½	......	......	......
1	.01½	.00½	Lakeview	......	.00½	......	......	......
10c	.04½	.02	Lucky Jim	500	.02½	.02½	.02½	.02½
No	.41	.07	Mak Siccar	8,900	.11	.13	.10	.10
50c	.00½	.00½	Marmot Metals	......	.00½	......	......	......
1	.21	.16	McGillivray Creek	3,000	.20	.19½	.19½	.19½
10c	.19	.03½	Meridian Min.	12,750	.04½	.05½	.04½	.05
No	.24½	.06	Minto Mines	4,400	.07½	.08½	.07½	.08
50c	.12½	.03½	Morning Star	21,100	.04½	.04½	.03	.04
1	.02	.01	Morton Woolsey	......	.01	......	......	......
50c	.06½	.03	National Silver	15,500	.03	.03½	.03	.03½
50c	.17	.05	Nicola	5,500	.10	.09½	.09	.09
50c	.16	.05½	Noble Five	13,500	.06½	.06	.05½	.05½
No	.09½	.02½	Pilot Gold	5,000	.03½	.03½	.02½	.02½
1	12.50	9.10	Pioneer Gold	75	10.50	10.60	10.50	10.50
50c	.15	.07	Porter Idaho	1,500	.07½	.07½	.07½	.07½
No	.01	.00½	Premier Border	......	.00½	......	......	......
1	.02½	.00½	Quatsino Copper	......	.02½	......	......	......
No	.17	.10	Quesnelle Quartz	......	.10	......	......	......
No	.18	.10	Reeves McDonald	......	.10	......	......	......
1	.39	.25	Relief Arlington	600	.31	.31	.30	.30
1	1.62	1.12	Reno Gold	13,175	1.16	1.18	1.12	1.16
1	.04½	.02	Reward Mining	500	.02	.02	.02	.02
1	.01½	.00½	Rufus Argenta	......	.01	......	......	......
1	.05½	.01½	Ruth Hope	......	.02	......	......	......
1	.62	.25	Sally Mines	......	.25	......	......	......
50c	.18	.11	Salmon Gold	2,600	.11½	.12	.11½	.11½
50c	1.18	.55	Sheep Creek	14,600	.98	1.00	.97	1.00
1	.05	.02	Silverado	......	.02	......	......	......
25c	.02½	.00½	Silvercrest	12,500	.01	.01	.03½	.01
20c	.12	.01	Silversmith	34,400	.02½	.02½	.01	.01½
50c	.01½	.00½	Snowflake	......	.00¾	......	......	......
No	.75	.62	Standard Silver	4,600	.67½	.76	.70	.75
10	23.75	11.45	Sunshine	......	22.50	......	......	......
No	.32	.15	Taylor Bridge	2,500	.18	.19	.17	.17
1	.20½	.12	Taylor Windfall	......	.19	......	......	......
5	.35	.20	Toric	......	.20	......	......	......
50c	.10	.03	United Empire	1,000	.04½	.04	.04	.04
No	.61	.13	Vidette Gold	4,800	.20	.24½	.17	.24
No	.06	.01	Viking Gold	7,000	.01½	.01	.01	.01
No	.07½	.02	Waterloo Gold	500	.02	.02	.02	.02
25c	.01½	.00½	Waverley Tangier	23,000	.00¾	.00½	.00½	.00½
50c	.23½	.07½	Wayside	6,400	.14	.14½	.13	.13½
20c	.04	.01	Wellington	......	.01½	......	......	......
No	.09½	.03	White Eagle	......	.03	......	......	......
1	.14	.04	Whitewater	2,000	.06½	.05½	.05½	.05½
No	.83	.28	Ymir Yankee Girl	500	.35	.39	.39	.39
			OIL STOCKS					
1	.22	.06½	Amalgamated	9,800	.10	.10½	.10	.10½
1	.10½	.05½	Alta. Pacific	2,200	.06	.06	.05½	.06
1	.04	.01½	Anaconda	......	.01½	......	......	......
No	.05	.01½	Baltac	......	.02½	......	......	......
1	.07½	.05	Brit. Dominion	......	.05	......	......	......
1	.25	.06	Crow's Nest	9,300	.10	.11	.09	.10½
No	.03½	.01	Devenish	......	.02½	......	......	......
No	.11	.05	Freehold	1,000	.06	.05	.05	.05
No	.04½	.03	Hargal	......	.03	......	......	......
No	.15	.08½	High Sarcee	9,500	.08½	.09½	.09	.09
No	.01½	.00½	Madison	......	.00½	......	......	......
No	.17	.07	Marjon Oil	9,500	.09	.09	.08½	.09
No	.05	.02	McD. Segur Ex.	......	.03	......	......	......
1	.48	.35	McLeod	......	.37	......	......	......
No	.14½	.09	Mercury	42,300	.11½	.14½	.11½	.14
No	.14	.07	Mill City Pete	300	.07	.08	.08	.08
No	.06½	.04	Okalta	......	.05	......	......	......
No	.10½	.02	Pacalta Oil	5,500	.02	.05	.03	.05
1	1.17	.31	Ranchmen's	8,550	.33½	.50	.32	.50
No	.01	.01	Richfield	......	.01	......	......	......
1	.28	.15	Spooner	......	.19	......	......	......
No	.10	.03½	United	3,250	.03½	.04½	.03½	.04½
No	.14	.04	Vanalta	5,500	.04	.04½	.04½	.04½
1	.05	.04	Wellington Oil	......	.05	......	......	......

DIVIDEND PAYERS

	Rate	Yield		Rate	Yield
Acme Gas	2c.	......	McIntyre	$2	5.12
Anglo Huronian†	40c.	......	McKinley Sec.	2½c.	......
Buff. Ankerite	20c.	7.69	Model Oils	3c.	......
Bulolo Gold‡	1.20	......	Nipissing	12½c.	......
Calgary & Ed.	5c.	......	Noranda	$1	......
Coast Brew.	92c.	6.69	Nor. Canada†	2c.	......
Coniagas‡	12½c.	......	Petrol Oil‡	3c.	......
Cons. Smelters	$1.25	......	Premier	12c.	8.21
Dome Mines	$2	5.40	Pioneer, B.C.	80c.	7.80
Falconbridge	7½c.	......	Reno	12+2c.	10.00
Hollinger	65c+5c.	4.76	Royalite	75c.	......
Howe Sound	$3	......	San Antonio	7c.	......
Howey Gold	3c.	......	Siscoe	20c.	7.69
Hudson Bay†	50c.	......	So. Amer. Gold	10c.	......
Int. Coal & Coke	1c.	......	Sunshine	30c.	......
Inter. Mining	15c.	......	Sylvanite	20c.	9.70
Int. Nickel c.	20c.	......	Teck Hughes	40c.	9.87
Kirk. Lake†	3c.	......	Toburn	8c.	7.27
Lake Shore	2+50c.	3.96	Wright-Har.	40+5c.	5.33
Macassa	5c.	......			

†Interim. ‡Initial.


The Arms of Nova Scotia

Gypsum—An Opportunity

In the Province of Nova Scotia lie the largest known gypsum deposits in Canada.

These deposits have, it is believed, been only lightly tapped.

They occur associated with lower carboniferous strata in beds frequently 100 feet thick.

Some of the most valuable of these deposits are near Windsor, and Walton, Hants County; Amherst, Cumberland County; Antigonish, and Cape Breton Island.

The location, size and marketability of these deposits are most favourable for the development of a large industry. At present, a small amount of this mineral is manufactured in the province into stucco, plaster of Paris, fertilizer, etc. Most of it, however, is shipped abroad in the crude form.

Inquiries will be comprehensively and promptly met.

Honourable Michael Dwyer
Minister of Public Works and Mines
Province of Nova Scotia
Halifax, Canada

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Ore Receipts at Trail Amount to 14,783 Tons

Ore and concentrate receipts at the Trail smelter of the Consolidated Mining and Smelting Co. for the week ended July 31 totalled 14,783 tons. Shipments of ore from the company's own mines totalled 14,046 tons while receipts from other mines totalled 627 tons. Concentrate shipments amounted to 110 tons.

A detailed statement of receipts for the week is given below:

Name of Mine:	Tons
Bay	43
Bell	94
Dundee	53
Gold Viking	7
I. X. L.	12
Jumbo	38
Keystone	34
Number Seven	140
Republic	51
Rio	5
Skylark	46
Wellington	54
Yankee Boy	50
Goodenough (concentrates)	51
O'Brien (concentrates)	42
Reno (concentrates)	17
	637
Company's mines	14,046
Total	14,783

Perron Gold Recovery Averages $16 Per Ton

During the period July 1 to July 15 Perron Gold Mines milled 288 tons of ore which yielded an average recovery of $16.10 per ton, according to a report issued by J. P. Norrie, general manager.

Development in every section of the mine during the period was excellent, he reports. On the 175-ft. level vein No. 194 was extended 42.7 ft., the average grade being .73 oz. This vein has been opened up for a total length of 130 ft. and shows an average width of five ft. The average grade is 0.7 oz. Very satisfactory results were obtained from development work on veins 202, 204, 208 and 210. From all development work on the 175-ft. level 413 tons of ore were developed.

On the 325-ft. level vein No. 334 has been opened up for 94 ft., with both ends still open. The average grade is .33 oz. A new vein has been located parallel with 326 vein and 15 ft. above it. Ore mined from veins on the 375-ft. level totalled 182 tons and averaged 0.3 oz. per ton.

Quebec's Gold Output Higher for Six Months

Quebec's gold production in June was 38 per cent higher than in the corresponding month of 1934, a bulletin of the Quebec Bureau of Mines reveals, gold output for the month totalling 40,650 ounces as compared with 29,511 ounces in June, 1934. Production in May of this year was 36,107 ounces.

Production for the second quarter was also sharply higher, amounting to 107,665 ounces as against 97,136 ounces in the first quarter and 91,315 ounces in the second quarter of 1934.

Silver production in the three months ended June 30 was more than double the output of the corresponding period of 1934, totalling 238,497 ounces as against 111,856 ounces.

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AMHERST TORONTO CALGARY
AGENCIES: EDMONTON REGINA

Oil Feud

Statement of Royalite Policy Provokes Heated Retort from Independent, Claiming Lower Prices Discouraging

From Our Own Correspondent

CALGARY.—The Imperial Oil Co. is taking a long-sighted view with regard to Turner Valley and will conserve the resources of the field as far as it is possible to do so, L. C. McCloskey, vice-president of the company, declared following a visit to the largest oil field in Canada.

Further defining the policy of Imperial, through its Royalite subsidiary, Mr. McCloskey said that no drilling programme was contemplated and "the most would be made of wells already operating." He spoke with satisfaction of the excellent results being obtained from the two Royalite absorption plants in extracting gasoline from tail gas previously wasted.

These statements by Mr. McCloskey aroused the ire of at least one independent Turner Valley oil operator, Robert Wilkinson, who was responsible for the successful completion of the Sterling Royalties, Century, and Carlton producers.

As a result of the reduction in the price paid by the Imperial Oil from $3.26 a barrel of 35 gallons to $2.31 a barrel, the Imperial company had "taken the heart out of the Turner Valley oil business," Mr. Wilkinson declared.

"Mr. McCloskey is quite aware of the fact that Imperial Oil nor the independent producers cannot produce naphtha for $2.31 a barrel," Mr. Wilkinson said. "The average production of wells in Turner Valley will not return their cost when naphtha is sold at this figure."

Due to the reduced price, Sterling Royalties lost $100,000 in revenue; Century Royalties, $42,000; and Carleton Royalties, $21,000, Mr. Wilkinson declared.

"The wells are rapidly depleting and when the independent producers have been put into bankruptcy and the independent investor becomes thoroughly disgusted, oil development in Alberta will have received a setback for 10 to 20 years and Imperial "with no drilling programme will have the field to itself," Mr. Wilkinson concluded.

The only outstanding development news of the week was an announcement that the British Dominion well in the south end of Turner Valley had resumed drilling operations in the limestone encountered a few weeks ago, after having cemented casing at the top of the naphtha producing horizon. The well is thus on the last lap to production and a wet gas flow may be encountered at any time.

Two Near Production

The only other wells in Turner Valley close to production are Renfrew Royalties where casing is being run to above possible crude oil production in the Dalhousie sand and Union-Freehold where fishing operations for lost tools in the limestone are still continuing.

In the north end of the valley, Model No. 3 is making excellent progress in the vicinity of the Royalite No. 26 well which astonished oil men by striking a large flow in a hitherto neglected section of the structure.

MEDICINE ROCK RESUMES WORK

Funds Provided by Director of Siscoe Gold Mines

Medicine Rock Gold Mines, with property in the Woman Lake district, adjoining J. M. Consolidated, has resumed work. A crew of men, under Dennis Agar, mining engineer, has already arrived at the property, The Financial Post learns. The plan of operations is being outlined by Andrew Walz.

C. C. Jeffrey, president of the company, states that funds for the present development programme are being provided by G. N. Coyle, director of Siscoe Gold Mines. The company has set aside 250,000 shares of capital stock which is being offered to shareholders at five cents per share, all of which will go into the treasury. The money so raised will be used for government fees, current expenses, and further government taxes shortly to fall due. For the past five years, these fees have been paid by directors, Mr. Jeffrey states.

Medicine Rock Gold Mines was formerly known as Ontario Woman Lake Gold Mines, the home being changed in June, 1934.

Issue Balance Sheet

A balance sheet, arrived at by taking the 1st audited balance sheet and making the necessary changes since last audit, indicates the company has no liquid assets. Fixed assets include mining properties, valued at $2,046,158. On liability side, advances by P. Grise, G. R. Buckham, C. C. Jeffrey, and J. C. Taylor are shown to total over $11,000. A loan by J. R. Paull is shown at $2,050. "Local" loans add another $1,200 to the liabilities, and a loan by C. C. Jeffrey and J. C. Taylor totals $7,788. No indication is given as to when these loans fall due, but it is stated that if each shareholder subscribes for one share at five cents per share for every ten shares held, the treasury of the company "will be put in good shape to start again."

Rhokana Corp. Reports Net Profit of £325,000

Rhokana Corp., large Rhodesian copper producer, in a preliminary statement to shareholders reports a lower net profit in the year ended June 30, 1935, than in the previous fiscal period. Profit for the year, subject to taxation, and after providing for debenture interest, depreciation and development, is estimated at £325,000 as compared with £390,000 in the year ended June 30, 1934.

Smelter production for the year amounted to 69,301 long tons, of which 53,509 long tons were cast and railed as blister copper and 15,792 long tons were transferred to the anode furnace.

The first shipment of wire bars from the electrolytic refinery was made in March and tests which have been carried out on these wire bars have been entirely satisfactory in every way. A. W. Durrant, secretary, states. Up to June 30, 9,989 long tons of electrolytic copper were produced.

MACASSA QUIETS BEARISH RUMORS WITH PLAIN FACTS

Statement Shows Current Operations on Normal Basis

Answering the many rumors that have of late created an air of uncertainty around the stock of Macassa Gold Mines, officials of the company have issued a statement covering current operations at the westerly Kirkland Lake producer.

This statement shows that operations, both at the mill and underground, have been running along normally, and while nothing sensational is contained in it, it should tend to offset the uncertainty which has been sending the stock steadily down on the market since the annual report of the company was released early in May.

Verbatim Statement

The statement is as follows:

"In response to numerous inquiries which have recently been received by the company, seeking information regarding its current operations, it may be said that operations at the company's mine are proceeding according to programme and without alteration or interruption. Work on the 2,475 west drift has been discontinued at a point about 150 feet from the western boundary of the property. Beyond the increased footage made during the period in this drift, there is nothing to be added to the information which was published in the recent annual report respecting this operation.

"A new sub-level has been established at 2,575 east of the shaft, and favorable ore developments have been secured there. On the 1,400-ft. level also, favorable ore developments have been secured, a raise is now under way and a new level will be established at 1,300 feet. The ore that has been developed since the annual report has been more than sufficient to supply the mill during this period, consequently there has been an increase in the ore reserves.

Cross-cut on 3,000 ft.

"Cross-cutting from the shaft on the 3,000 ft. level is proceeding toward the main break, and approximately half the distance has been covered. It is expected that drifting east and west on the 3,000 ft. level will be commenced about the 1st of September.

"Operations at the mill are proceeding satisfactorily, and the company will continue to have as its objective a monthly production approximating $90,000. There is no reason to contemplate any change in the company's mining or milling programme in the immediate future."

Mining Sagas Recorded

MINE-FINDERS. — By B. F. Townsley. Distributed by Macdonald Galleries, Toronto, at $3.

It is, or was, a deplorable fact that the history of Canadian mining, reaching back, as Mr. Townsley points out, to the days of Leif the Lucky, replete with dramatic incidents, and linked closely with the growth of the Dominion, was too long neglected by writers. While books and pamphlets galore have been and are being written around the more technical aspect of this industry, the color and romance, apart from spasmodic articles in Canadian journals, have been left, ungarnered by the writers' pen.

"Mine-Finders" is unique in that it represents the first attempt to enter this particular field. It is a meritorious attempt.

The book reveals, on the part of the author who for some years was mining editor of The Financial Post, a vast amount of digging into records and unpublished material. The result combines the utility of a reference book, and the fascination of red-blooded history. Its function as a book of reference, however, would have been materially enhanced by the addition of an index. Indexing, in view of the mass of data, place names, and personalities which comprise the book, would have been an onerous task, but one which would certainly have been appreciated by the student of mining. However, despite this lack, the student is bound to find this volume invaluable.

Every Mine a Story

A perusal of "Mine-Finders" reveals that back of every mine and potential mine in Canada there is a story. Not only that, but there are, in Canadian mining history, many unrecorded sagas of heroic attempt and dismal failure, an inevitable and enthralling aspect of this history. Many of these sagas, hitherto unpublished, have been faithfully recorded in this work, as well as the sagas of success, which fortunately are plentiful in mining history.

Fills Definite Need

A feature of the book is the art work and thumb nail sketches by Evan MacDonald, young Canadian artist, who has spent considerable time in Canada's mining camps, apparently finding in them material well suited to his virile pencil.

"Mine-Finders" is divided broadly into sections, each dealing with the mining industry of the individual provinces. These sections are subdivided into the various minerals, thus helping to make the work both clear and comprehensive.

The book should fill a definite need, and should therefore be readily accepted by, not only the mining fraternity, but the general Canadian public.

INTER. NICKEL CO. COM. STOCK PUT ON 80 CENT BASIS

Quarterly Payment of 20 Declared Payable Sept. 30

The expected increase in the common dividend rate of International Nickel Co. has materialized with the declaration of a payment of 20 cents per share, payable Sept. 30 to shareholders of record on Aug. 31. This puts common stock dividends on an 80-cent per annum basis as compared with 60 cents per annum since Sept., 1934.

The increase in common dividends at this time was not entirely unexpected since earnings are currently showing a large margin over divident requirements. In the year ended Dec. 31 last net profit was equivalent to $1.13 per share while dividends paid totalled 50 cents per share. In the first quarter of 1935 earnings amounted to 30 cents per share as against dividend requirements of 15 cents per share.

While the earnings statement for the second quarter of the year will not be available for another week it is expected that profit will be about the same as in the three months ended March 31. Sales are known to be continuing on a satisfactory basis.

The position of the company's common stock has been substantially improved by the redemption on Aug. 1 of the balance of the company's funded debt consisting of $5,050,914 principal amount of 5½ per cent mortgage debenture stock of the Mond Nickel Co., Inco's British subsidiary. This removes the last of the senior issues and leaves only the preferred stock ahead of the common shares. Larger earnings will be available for distribution to common shareholders as a result of the reduction of interest charges accruing from this redemption.

ASHLEY REPORTS FURTHER DECLINE IN ORE RESERVES

Development at Base Metals Mining Corporation Disappointing

Mining Corporation of Canada has issued a report covering the operations of its three principal interests—Ashley Gold Mining Corp., Base Metals Mining Corp., and Laguna Gold Mines—during the six months ended June 30.

Operations at Ashley Gold Mining Corp. continue unsatisfactorily and unless considerable new ore is encountered ore reserves will be largely depleted by the end of the year, the report indicates. In spite of energetic exploration and development work, ore reserves were reduced during the six-month period from 31,000 tons to 21,000 tons.

At the annual meeting of shareholders held in April last it was stated that the future of the company depended on the successful outcome of the programme of exploration and development then under way. This is being proceeded with. In addition to underground exploration, diamond drilling and trenching on surface is still proceeding in the hope of developing new ore.

Operating profit for the period is estimated at $29,041, bullion production amounting to $208,879 and operating costs including development to $179,788. Mill tonnage was 22,684 tons, giving an average recovery of $9.20 per ton.

Laguna Gold Mines

At the property of Laguna Gold Mines at Herb Lake, Manitoba, a new vertical three-compartment shaft is being raised from the 625-ft. level. This level was opened up during the period reviewed by the report.

Development results on the 500-ft. level showed by back sampling an ore length of 425 ft. averaging .62 ounces over a width of 38 inches. With the completion of 610 ft. of drifting on this level, further work was discontinued and the shaft sunk to 625 ft., on which level to the end of June a length of 433 ft. of ore had been developed. The sampling of 363 ft. of this averaged .44 ounces over 36 inches. The balance of the sampling is not yet available. Both north and south faces at the date of the report were in ore.

Base Metals Mining Corp.

Development work on the East and West Monarch ore bodies of Base Metals Mining Corp. have been unproductive to date, J. P. Watson, president, states. Further development in the Kicking Horse area will be undertaken during the remainder of the year.

As previously announced in The Financial Post, the property was in production on June 26, and regular shipments of lead and zinc concentrates have begun.

Smelters Ships Much Equipment To Beaverlodge

From Our Own Correspondent

REGINA.—Consolidated Mining and Smelting Co. is freighting into Athabaska gold field at Beaverlodge 400 tons of equipment, and present plans of the engineers in the field point to the company remaining on its present location.

A Diesel plant will be taken in with sufficient power to allow work on a three-compartment shaft of about 1,000 ft. with drifts at various levels.

While nothing official has been issued by the Saskatchewan department of natural resources it is intimated that the present outlook will allow establishment of two mines, one on the C. M. & S. property and the other to the east. Department officials are now at work on the aligning of claims and straightening out disputes. They are also preparing a townsite and erection of necessary public buildings will be under way before snow falls.

Approximately 100 men are working on established company claims and the number of free lance prospectors ranges from 50 to 300. No exact figure is available. Smelters has 40 men on its claims, Athona, 30, Murmac 12, Errington 10, Athabaska 6 and North West Minerals 4. Smelters drilling has reached the 30 ft. level but nothing has been given out on the values located. Officials maintain their attitude of saying nothing about their claims.

The BACHELOR'S CORNER

The BIRDS *and the* BEASTS WERE THERE

I took my nephews to the circus the other day. Of course everyone knows how adults hate circuses — that's why you see so many of them there. We had been looking at the sword swallower (for just a few minutes of course) when I suddenly felt a poke in the ribs and there was my old pal, Jim Mahoney.

"Making a martyr of yourself too, eh?" said Jim, laughing.

"Don't be silly," I replied with the most serious expression I could muster, "I'm only doing this for the sake of the kids."

"Of course," said Jim, "So am I."

And he showed me his. So we both laughed.

I think it does a man good to go back to happier days now and again, and there's one easy way that Jim and I agreed upon right then and there as I handed him a Bachelor.

"Jim," I said, "It's great to get back to a ten cent cigar, isn't it!"

And we shook on that.

WILSON'S
BACHELOR
Cigar
10¢
100% Havana Filler

Coke Output Higher

A production of 179,906 tons of coke in Canada during June represented an average output of 5,997 tons a day compared with a daily total of 9,954 tons in the previous month and 4,518 tons in June, 1934.

Exports of Coal Oil and Gasoline

Coal oil exports in June amounted to 1,987 gallons at $214, compared with 188,705 at $18,504 a year ago. Canadian gasoline exports were 29,429 gallons at $4,772 compared with 1,284,434 at $149,557.

LUBRICATION has a direct bearing on the efficient operation of your plant. Imperial Oil Limited maintains a lubrication service that can be of great value to you. Experts will analyse your lubrication problems and recommend the correct lubricant to meet them. Cooperating with these experts are laboratory scientists who not only establish the methods of producing fine lubricants but check every batch to see that it is exactly as specified. The nearest Imperial Oil branch office will give you full information about this free service.

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